
United States Circuit Court of Appeals
FOR THE SECOND CIRCUIT.

161

CHENEY BROTHERS,

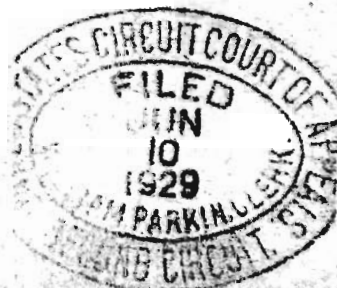
Plaintiff-Appellant,
against

DORIS SILK CORPORATION,

Defendant-Appellee.

TRANSCRIPT OF RECORD

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF
NEW YORK.



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United States District Court

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,
Plaintiff,

against } E. 48-240.

DORIS SILK CORPORATION,
Defendant.

Bill of Complaint.

TO THE JUDGES OF THE UNITED STATES DISTRICT
COURT FOR THE SOUTHERN DISTRICT OF NEW
YORK:

CHENEY BROTHERS, a corporation organized and existing under the laws of the State of Connecticut, for its bill of complaint herein against Doris Silk Corporation, organized and existing under the laws of the State of New York, respectfully shows and alleges:

The jurisdiction of this Court depends upon the following grounds: This is a suit of a civil nature between citizens of different states, and the amount in controversy herein exceeds, exclusive of interest and costs, the sum or value of Three Thousand Dollars (\$3,000.).

1. Cheney Brothers, the plaintiff, is a corporation duly organized and existing under and by virtue of the laws of the State of Connecticut,

[illegible]

γ_1 is the first eigenvalue of the Laplacian on \mathbb{R}^n and γ_2 is the second eigenvalue of the Laplacian on \mathbb{R}^n . The eigenvalues of the Laplacian on \mathbb{R}^n are given by $\gamma_k = k(k-1)/2$ for $k \geq 1$. The eigenvalues of the Laplacian on \mathbb{R}^n are given by $\gamma_k = k(k-1)/2$ for $k \geq 1$. The eigenvalues of the Laplacian on \mathbb{R}^n are given by $\gamma_k = k(k-1)/2$ for $k \geq 1$.

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piece and sell them over the counter. Silk dresses are classified in the trade according to price. One class of such dresses sells at wholesale for \$10.75, and at retail for \$16.75; the next higher grade sells for \$16.75 and retails for \$25.00, and a still higher grade sells at wholesale for \$25.00 and retails for \$39.50. So close is the competition in the marketing of these various classes of dresses that a few cents per yard in the cost of the materials going into the dresses makes all the difference to the cutter-up between profit and loss on these dresses. Some of these concerns manufacture a line of dresses of the same pattern of silk running up into hundreds and even thousands of dresses.

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6. Owing to fads and fancies of style and to the facility with which under modern processes the printing of silks can be accomplished, the designs used on silks which are made into dresses have become of late years of more and more importance, so that today success in the manufacture of dress silks demands a constant change of pattern and design and the creation of new and novel designs, and when one is created which catches the popular fancy for a season it is a source of very great profit and advantage to the concern selling it; provided, and only provided, it is possible for such concern to be able to hold the design and sell a sufficient quantity of it to enable it to reap the profit which its popularity affords.

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7. Designs for dress goods are not created *after* it is known what designs will be popular.

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The exigencies of designing and manufacturing and selling require that a design for dress silks today must be created from nine months to a year before the finished silk appears on the market; yet after it appears it may be a flat failure.

8. The popularity of a design on printed silk dress goods ordinarily does not extend beyond the season of a few months for which it is created. After that season, it is useless. It passes out of style and the sale of silks bearing that design stops.

9. Plaintiff employs in Paris an Art Director of very wide experience and ability in the creation and development of designs. This Director, Mr. Henry Crenge, is in constant touch with studios and designers in Paris, and is constantly studying the sources from which such designs are drawn. He also studies constantly the style trends in silks and other materials, for it is a part of his duty to foresee as far as possible the styles which are to prevail in the seasons immediately ahead. After a design is produced in Paris, it is sent to the mills of the plaintiff at South Manchester, Connecticut, and there further studied by experts employed by the plaintiff who finally accept or reject it as suitable to be used on the plaintiff's products.

The accepted designs are thereupon printed on the silks so that before the season opens the plaintiff's designs have been completely prepared, printed upon the silks, and the silks are ready for distribution.

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The plaintiff produces for each season between two hundred and five hundred designs. A comparatively small percentage of the designs are of any value commercially. In some instances, not enough of the silk of a particular design is sold to even pay the expense of the design. On the other hand, a smaller per cent, usually from five to ten percent of the designs are exceptionally successful, and the profits from the sale of the few very successful ones are substantial and must be if the expense of producing the unsuccessful ones is to be met and an ultimate profit to be made.

14

10. The conditions above referred to in connection with the production of silk dress goods are entirely familiar to all persons in that trade, and to cutters up of such fabrics, and reputable merchants and manufacturers now recognize the difficulties inherent in the production of designs, the great expense involved in their creation, and the risks involved in realizing profit from them, and recognize that the creator of such designs has exclusive property rights therein for a sufficient period after their production to enable the producer to realize from them part, at least, of their commercial value.

15

11. Plaintiff is informed and believes, and therefore alleges, that for competitors to copy novel and original designs of a rival which have been created by the expenditure of skill, effort and expense, and particularly to make copies upon fabrics of a cheaper character, is unfair

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competition, and is so recognized by reputable merchants and manufacturers in the industry.

17

12. During the last year or more there has been an increase in the number of instances in which original designs created by the plaintiff have been copied on inferior goods, and such designs have thus been discredited in the eyes of the trade and the public. In order to give to its competitors and others notice of the fact that certain of the designs sold by plaintiff are original designs and are its exclusive property and are not to be copied, plaintiff, during the last season, caused to be attached upon certain of its products, on the selvage of the goods, a notice, containing the words "Original Design. All Rights Reserved Against Competitive Copies".

PLAINTIFF'S DESIGN HERE INVOLVED.

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13. In the early part of February, 1928, the said Henry Cheung, of 7 Rue de Talleyrand, Paris, France, Art Director of the plaintiff, was engaged in obtaining the designs to be used by the plaintiff in making its line of dress styles for the period of October, 1928, to be used in the new feature of dresses for sale during the summer of 1929. In connection with doing this work, during the winter 1927-1928, he created a design which was later submitted to the plaintiff's factories in South Manchester, Connecticut, and approved, and during the late summer of 1928 was printed on a quality of silk to be sold at \$1.75 per yard. A specimen of this design so

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printed on silk is attached to this complaint, marked "A".

14. To this design the plaintiff gave the number 4488. Samples of this number 4488 were given to plaintiff's salesmen early in October, 1928, and in the latter part of October, 1928, plaintiff began making deliveries in substantial quantities of silks bearing this design. This design has turned out to be the most popular of all of the more than two hundred and fifty designs for silk dresses placed on the market by the plaintiff in the fall of 1928, and one of the most popular designs on the entire silk market today.

20

THE DEFENDANT.

15. The defendant, Doris Silk Corporation, sells silk dress goods to retail stores and to cutters up of such silks for dresses in competition with plaintiff.

16. In or about December, 1928, the popularity of this design number 4488 being at its height, and being in high favor with the trade, plaintiff was informed by one of its customers, and therefore alleges, that a duplicate of this design on printed silk of an inferior quality to plaintiff's silk and not of plaintiff's manufacture was being offered for sale by defendant and being sold at a less price, and that the salesmen of the defendant were calling upon customers of plaintiff, saying that the defendant was offering duplicates of this popular design of Cheney Brothers for sale at a less price and in cheaper fabric, and

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that Exhibit B to this complaint is a specimen of such copy sold by defendant.

17. Such copy of said design of the plaintiff, number 4488, was made without the consent or authorization of the plaintiff.

23

18. Plaintiff is informed and believes and therefore alleges that defendant has copied said design, number 4488 without authority from the plaintiff and with full knowledge that said design was created by the plaintiff and at great expense, that it is a new and unusual design which has never before been upon the dress silk goods market.

19. Plaintiff is informed and believes and therefore alleges that the defendant has offered its copy of plaintiff's design number 4488 as being a copy of this popular design of the plaintiff, and has offered further to make copies of it and also to copy other designs of plaintiff.

24

20. All of the silk of this design number 4488 which has been sold by the plaintiff has carried on the selvage a legend reading "Rivulax Silks Washable Ribbon, Original Design, All Rights Reserved Against Competitive Copies". As printed on the silk the legend is eighteen inches in length in letters about three sixteenths of an inch high, and it is placed on one selvage of every yard of the silk of this design.

21. Plaintiff is informed and believes and therefore alleges that the defendant knows that

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said legend has appeared on plaintiff's said design number 4488, and that it has made copies of this design after having known of the existence of said notice, and knowing that the plaintiff claims said design to be a novelty and an original design created by it.

22. Plaintiff is informed and believes and therefore alleges that this defendant, at the time of copying plaintiff's said design number 4488, knew the facts above alleged as to the method and expense of producing plaintiff's designs; that plaintiff is constantly bringing out new designs; that these new designs cannot be created and produced except at expense and effort and risk; that if the plaintiff is to make any profit, or even to pay the expenses of the creation of such designs, it is necessary that, for a reasonable time after the design appears upon the market, the design must not be copied by competitors and sold in competition with the plaintiff, especially on cheaper goods.

26

23. By reason of the acts of the defendant herein, defendant's copy of design shown on plaintiff's number 4488 has been offered in competition with plaintiff's design number 4488 at a lower price and on goods of inferior quality, with the result that dealers and cutters-up have refused and are now refusing and will continue to refuse to buy plaintiff's design number 4488.

27

24. Plaintiff is informed and believes and therefore alleges that in the particulars afore-

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Bill of Complaint.

said the defendant has acted unfairly in competition with the plaintiff.

29

25. Plaintiff is informed and believes, and therefore alleges, that the defendant has greatly injured and is injuring the plaintiff; has deprived and is depriving the plaintiff of the just and lawful benefits of its labors and expenditure; has been and is causing the plaintiff irreparable damage, for which the plaintiff has no adequate or substantial relief except from this court of equity; and that the defendant is threatening to continue such acts.

26. That the plaintiff has no adequate remedy at law.

30

27. Plaintiff is informed and believes, and therefore alleges, that unless immediate relief is given by this court in the form of a preliminary injunction, long before any trial can be had or any relief granted to the plaintiff, said design embodied in plaintiff's number 4488 will have ceased to have any value, and the injury which plaintiff is suffering and will continue to suffer from the acts of the defendant will have become irreparable.

28. The value of plaintiff's good will and of plaintiff's rights which are hereby sought to be protected exceeds the sum or value of Three Thousand Dollars (\$3,000.00) exclusive of interest or costs.

Bill of Complaint.

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WHEREFORE THE PLAINTIFF PRAYS:

1. That a writ of subpoena issue herein directed to the said Doris Silk Corporation, the defendant, directing it to appear in and answer to the allegations contained herein, but not under oath, an answer under oath being hereby expressly waived.

2. That an injunction issue herein, at first during the pendency of this action and thereafter perpetually, restraining and enjoining the defendant, its officers, agents and employees, and all others acting for, through, with, or under it, until June 1, 1929, from selling, in competition with the plaintiff, any copy or likeness of the design appearing upon the fabric attached to this complaint and marked Exhibit "A".

32

3. That the plaintiff may have such other and further relief as may be just.

NIMS & VERDI,
Solicitors for Plaintiff,
Office and Postoffice Address,
17 East 42nd Street,
New York, N. Y.

33

Dated, New York City,
February 21st, 1929.

40

Order to Show cause.

Ordered that the defendant show cause on the 8th day of March, 1929, at the District Court of the United States for the Southern District of New York held in the Post Office Building in the Borough of Manhattan, City of New York, at 10:00 o'clock in the forenoon of that day or as soon thereafter as Court convenes and counsel can be heard, why an injunction order should not issue herein during the pendency of this suit, enjoining and restraining the defendant, its officers, agents and employees and all others acting for, through, with or under it from selling, in competition with the plaintiff, any copy or likeness of the design appearing upon the fabric attached to the bill of complaint herein and marked "Exhibit A", and it is further

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Ordered that the defendant serve its answering papers, if any, on the plaintiff's attorneys at Room 801, 17 East 42nd Street, New York City, on or before 12:00 o'clock noon on the 5th day of March, 1929, and that the plaintiff serve and file its verifying affidavits, if any, on the hearing of this order to show cause, and it is further

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Ordered that a copy of this order and the affidavits referred to therein together with a copy of the bill of complaint be served on the defendant, on or before the 26th day of February, 1929.

JESSE C. KNOX,

United States District Judge.

Dated, New York,

February 25th, 1929.

**Affidavit of James C. Heckman in
Support of Motion.**

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,
Plaintiff,

vs.

DORIS SILK CORPORATION,
Defendant.

State of New York, }
County of New York, } ss.:

JAMES C. HECKMAN, being duly sworn, says:

For more than six years I have been, and now am, the general sales manager of the plaintiff corporation. I have charge of its New York office, 34th Street and Madison Avenue. Cheney Brothers is a large manufacturer of silk textiles. Its sales extend all over the United States.

For many years Cheney Brothers has manufactured and sold dress silks, and this is one of the largest items in its business. In the sale of printed or jacquard dress silks, the design plays a very important part and during the last few years, due to style conditions, designs have been of unusual importance, and the creation of a design which catches the popular fancy makes pos-

46 *Affidavit of James C. Heckman in Support of Motion.*

side the sale of very large quantities of goods on which such popular design is used.

For many years Cleney Brothers has been a leader in the creation of artistic designs for textiles, not only for dress silks, but for upholsteries and various other silk fabrics. For the purpose of creating these designs, Cleney Brothers employs an Art Director who lives in Paris, whose duty it is to supervise the creation of the designs which are embodied in the Cleney goods.

47 These designs necessarily must be created months in advance of their use. It is not possible to create the popularity first and then create the design to meet it. Conceiving and creating these designs and the manufacture of goods bearing the designs must all take place, and the expense of all this process must be incurred, before anybody can know whether or not the fabric incorporating the design will or will not sell.

48 It is customary for Cleney Brothers to produce from ten to thirty to five hundred designs for each season of the year. Out of this number of designs a certain number ordinarily are not successful enough to pay the expense involved in the production of the design and the manufacture of the first quality or run of goods bearing such design. A very few designs, not more than ten or twenty, achieve exceptional popularity and their large sales are the important element in the profits made on the entire line.

For the spring of 1929 season, Cleney Brothers' Art Department in Paris, during the winter and early spring of 1928 created about two hundred

Affidavit of James C. Heckman in Support of Motion. 49

and seventy five designs and submitted them to the factories at South Manchester, Connecticut. Two hundred and fifty of these were used, and the dress silks made from these designs were manufactured in the summer of 1928 and put on sale in October, 1928. The designs used by plaintiff are sometimes created by studios in Paris, and sometimes by artists engaged by the art director of the plaintiff; sometimes by a combination of the work of the studio and the art director, and sometimes devised entirely by plaintiff's art director. 50

Samples of these silks, the designs of which were created early in the year 1928, were given to salesmen during the first few days of October, 1928, and they began to take orders during that month. About the latter part of the month first deliveries of these silks were made. Silks carrying these designs will be salable until June, 1929, when their sale will largely, if not entirely, cease. Of the two hundred and fifty designs which were originally put on sale in the fall of 1928, we have now weeded out all but fifty-eight, and a substantial proportion of these fifty-eight will also be dropped, in the near future. 51

These designs have only a temporary value, at most only a few months, and all the profit which Cheney Brothers will derive from the sale of any of these designs must be made within these months between the first appearance of the samples carrying the goods, namely, October, 1928, and the end of the season, usually about eight to nine months.

52 *Affidavit of James C. Heckman in Support of Motion.*

COPYING OF DESIGN.

For many years past there have been instances of competitors of Cheney Brothers copying successful designs in cheaper fabrics. Of late this practice has very much increased, doubtless due to some extent to the fact that recently the fashion correctness of the design has played a more important part in the salability of goods than hitherto. The copying of textile designs has become and now is one of the most serious abuses in the textile industry. A house like Cheney Brothers creates designs at great expense of money and effort. Certain competitors wait until the goods have reached the trade and the popular ones are discovered, whereupon they copy these popular designs on cheaper materials and sell these cheaper materials in competition. The argument of the copier to the buyer is either that by buying the cheaper copy the buyer can sell it or garments made from them at the same price as Cheney's goods and thus make an increased profit, or that it is so much cheaper that it can be made into dresses to be sold in a cheaper line and in stores of a type different from those in which Cheney Brothers' goods are sold. Either of these processes seriously injures, if not destroys, Cheney Brothers' business in the design thus copied. So general has this practice become that concerns who copy openly boast to prospective customers that a design can be copied in a few days.

Affidavit of James C. Heckman in Support of Motion. 55

THE DESIGN INVOLVED IN THIS CASE.

The most successful design produced by Cheney Brothers for the present season is number 4488. More yards of this design have been sold than of any other of plaintiff's designs of the present season. This is Exhibit "A" to the complaint.

This design was created in Paris in the spring of 1928 by Mr. Henry Creange, Art Director of Cheney Brothers. It is the result of studies made by Mr. Creange himself. It consists of a background of dots placed close together, such dots being about three-eighths of an inch in diameter with large dots approximately one and three-quarter inches in diameter superimposed upon this background at irregular intervals, some being broken up by smaller dots and some being solid color. 56

An affidavit by Mr. Creange stating how this design was developed is submitted herewith.

DEFENDANT'S ACTS. 57

In December we learned that a salesman representing the defendant corporation had offered to Louis J. Mallas, one of our customers, goods, inferior in quality to Cheney Brothers' goods, bearing a design apparently identical with this design number 4488 above referred to, at \$1.65 per yard, whereas the price of Cheney Brothers' goods was \$1.75 per yard. A price difference of ten cents per yard, or even of five cents per yard,

64 *Affidavit of James C. Heckman in Support of Motion.*

The defendant is in competition with Cheney Brothers and offers its goods to the same concerns.

65 Plaintiff also is suffering injury from the acts of the defendant in connection with sales to retail stores to which plaintiff sells goods in the office. As soon as the store sees that the same pattern is put out in tables at a lower price, our sales of this character are largely destroyed. The public does not examine goods carefully. The desired pattern is seen at a cheaper price, the sales of the better grade are cut, and the retailer is faced with a loss, and further sales by the plaintiff to that store of that design are impossible. This injury is now going on and will continue unless a full trial is had in this court.

66 The success of plaintiff in business goods design competition demands comparison particularly with defendant and testimony of several of the silk manufacturers consistently claiming to create designs of great value, more valuable than those of plaintiff is convincing. Creating designs, strong not for originality, more valuable for originality in connection with designs which follow the prevailing trends of style. So that a design such as number 1188 has the merit, not only of being original, but also of being original along lines which the designer of it believed would meet the popular fancy at this time, and which it has been proved does meet the popular fancy, and this design therefore is a piece of property very valuable to the manufacturer. Its value, however, is being immediately and completely destroyed by many of

Affidavit of James C. Heckman in Support of Motion. 67

plaintiff's competitors are free to copy this design and put it upon inferior fabrics at lower prices, and thus depreciate and destroy the value of the design by causing it to appear in cheap dresses and in other ways which cause it to cease to be desirable. The public does not buy dresses or silks because they are beautiful or original merely; they buy because they are in fashion. Fashions constantly change, and the ability to foresee these fashions is one of the greatest accomplishments of the successful merchant in silks. It is very like the ability of the reporter or editor to pick out of all the data submitted to him the items which, when printed, will be "news". 68

In the cost of one of these successful designs must be included, not merely the actual expense of creating that design alone, but also, if profits are to be realized, there must be included the cost of producing the unsuccessful and unpopular designs of the same season.

All of these facts above referred to are well known to the trade and undoubtedly well known to the officers of the defendant corporation in this case when it copied plaintiff's design number 1088 on inferior materials and sold it in the market. When it did this it well knew that by copying this design it was appropriating to itself, and for its own profit, the successful results of all the work, skill and expense which plaintiff had expended in creating this design. It well knew, further, that its acts inevitably would seriously injure the plaintiff. It knew further 69

70 *Affidavit of James C. Heckman in Support of Motion.*

that the production of such a design as this involves work months in advance of placing it on the market. The plaintiff customarily starts the preparation of its designs nine months at least before the goods appear on the market. The copier, on the other hand, like this defendant, waits until the designs have been created, the goods manufactured and put upon the market, and their popularity tested and approved, and then steps in and in a few hours makes use of all of the work which has gone before. He reaps where he never sowed. He purloins the result of the work and risk of the producer of the design, but only after its success is a sure thing, and with no risk to himself.

71

JAMES C. HECKMAN.

Sworn to before me this
21st day of February, 1929.

72 STEWART L. WEITMAN,
Notary Public,
Bronx County No. 49,
New York County Clerk's No. 33,
Bronx County Register's No. 2901,
New York County Register's No. 9042,
Commission expires March 30, 1929.

**Affidavit of James C. Heckman in
Support of Motion.**

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UNITED STATES DISTRICT COURT,
SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,

Plaintiff,

against

DORIS SILK CORPORATION,

Defendant.

State of New York, ss:
County of New York, ss:

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JAMES C. HECKMAN, being duly sworn says:

I am the James C. Heckman who has previously made an affidavit in this proceeding.

Some time in the month of December, 1928, there were rumors in the trade that our design No. 4488 was being copied, and in view of the possibility that such suit as this might become necessary, I asked Mr. Creange to prepare an affidavit giving the facts as to the creation of this design No. 4488. This he did and I attach hereto the affidavit which he then made and which is dated December 17, 1928.

75

JAMES C. HECKMAN.

Sworn to before me this
21st day of February, 1929.

STEWART L. WHITEMAN,

Notary Public.

Bronx County No. 49.

New York County Clerk's No. 33.

Bronx County Register's No. 2901.

New York County Register's No. 9042.

Commission expires March 30, 1929.

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**Affidavit of Henry Creange in
Support of Motion.**

State of New York, ss.
County of New York, ss.:

HENRY CREANGE, being duly sworn, deposes and says:

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I reside at No. 7 rue de Valenciennes, Paris, France. I am Art Director of Cheney Brothers of South Manchester, Connecticut, and New York City, and have been in this position for the last twelve years. Most of my time is spent in Paris. I usually make one or two trips each year to the New York and South Manchester offices. I am in New York on one of these trips at the present time.

78

As Art Director I direct the creating of designs used by Cheney Brothers in the making of its printed silks. Acting in that capacity, on or about the early part of February, 1928, I instructed a Mr. Robert George, one of my assistants, residing at 11 rue de Valenciennes, Paris, France, to prepare a design, the details of which I gave to him verbally.

Acting on my instructions, Mr. George prepared a rough sketch of the design which I had in mind, and brought it to me for my criticism. He made such changes as I then suggested and thereafter prepared the drawing which is submitted herewith. On it I have written "For identification Henry Creange". The idea of this design originated with me. It consists in an arrangement at certain stated distances over a background of what is commonly known in the

Affidavit of Henry Creange in Support of 79
Motion.

trade as polka dots, of dots several times as large as the polka dots, some in solid colors and others with surfaces broken up in small pin dots. I believe this design to be entirely new in the manufacture of textile and original with me.

This design was sent to Cheney Brothers in New York under No. 5099 and invoiced by Mr. George on February 21st, 1928, and finally printed and placed on sale by Cheney Brothers under No. 4488.

80

HENRY CREANGE.

Sworn to before me this
 17th day of December, 1928.

HENRY L. SMITH,
 Notary Public,
 Kings County No. 880,
 Certificate Filed in New York County, No. 468,
 My Commission Expires March 30th, 1929.

Design referred to in and submitted with the
 affidavit of Henry Creange sworn to December
 17th, 1928, and marked "For identification—
 Henry Creange". (Original attached to the
 ribbon copy of the affidavits.)

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**Affidavit of Ralph Abercrombie in
Support of Motion.**

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

83

CHUNNY BLOOMERS, against DORIS SUEK CORPORATION, Defendant.	}	Plaintiff. Defendant.
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State of New York, ss.
County of New York, ss.

Ralph Abercrombie, being duly sworn, says:

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I am Manager of the Dress Goods Department of the plaintiff. I am familiar with design No. 4488, referred to in the complaint herein. This design has enjoyed a very active sale from the beginning. It has sold particularly to those manufacturers making \$16.75 dresses that sell for \$25.00 at retail, and to those making \$10.75 dresses which sell at retail for \$16.75. Until recently, this design was the most successful of all put on the market by us for this season and promised to be one of the most successful designs that the plaintiff ever originated.

About the first of December, rumors came to us that there was a copy of this design on the

Affidavit of Ralph Abercrombie in Support of Motion. 85

market. Presently, a buyer brought to us a sample of a copy of design No. 4488, and informed us that it was being sold by the defendant. Within a short time, complaints began to come in from our customers to the effect that they were able to buy this design, No. 4488, at a less price than we were selling it, and on cheaper fabrics. Among these concerns were the following:

Linde & Rubin, Inc., 86
 Bijou Dress Co.,
 N. Y. Dress & Costume Co.,
 Shapero-Lewis,
 Antman & Bart,
 Fast Sale Dress Co.,
 Louis Adler.

After we had covered our trade, we naturally expected duplicate business, but we have found that the defendants have been able to introduce their lower-priced goods bearing this design to such an extent that by the middle of January, our business in this design had dropped very considerably. One customer stated to me personally that his concern was in line to receive an order for 400 dresses, these dresses to be made from this silk but through the offering of a competing concern of dresses of a less price made from the silk of the defendant, he was unable to obtain this order and succeeded in selling only about 80 dresses, and we have lost substantial business as a result of the acts of the defendant set out in the complaint. 87

88 *Affidavit of Ralph Abernethie in Support of Motion.*

I have received a letter from Olds, Wortman & King, Portland, Oregon, reading as follows:

"Olds, Wortman & King,

B. F. Schlesinger & Sons,
Oakland, Calif.

Rhodes Brothers,
Tacoma, Wash.

89

City of Paris
San Francisco,
Cal.

Paris Office Cable Address
19 Boulevard de Strasbourg Betesco
New York Office
34 West 33rd St

Portland, Ore.
February 1, 1929.

90

Cheney Bros.,
181 Madison Avenue,
New York City, N. Y.

Gentlemen:

In November we purchased from you your Commission #7764 style 4488 in various colors. On the selvage on these goods is stamped 'Special design protected against any competitive copy of same.'

For your information, the Fair Waist and Dress Company of New York City are turn

Affidavit of Ralph Abercrombie in Support of 91
Motion.

ing out in their stock #8613 a dress which is to be retailed for \$9.10. The design is an exact duplicate of your Commission #7764 style 4488. The printing is of a decidedly inferior class and the silk most assuredly of inferior quality to your number in the same pattern.

I feel that you would appreciate having this information and sincerely trust that, if you have not already done so, you will be able to make it hot for whoever has produced this copy of your style. 92

I might also add that this particular style has been a quite active seller and we were just ready to wire a reorder when we discovered the same design on a cheaper cloth made up into a dress to sell for a less price than we could possibly furnish sufficient of your material.

We would appreciate very much hearing from you in the near future.

Yours very truly, 93

B. F. SCHLESINGER & SON,

H. D. MOORE,

HDM:R

Buyer, Silk Dept."

I know Mr. H. D. Moore personally and can identify this letter as genuine as we have received repeated communications from him in the past. We have not received the reorder which this concern mentions as having been about to send us.

94 *Affidavit of Ralph Abercrombie in Support of Motion.*

I have caused careful investigation to be made and am informed and believe that these dresses referred to in Mr. Moore's letter were made from goods printed with a substantial copy of our design 4488 and which were made or sold or both, by defendant.

RALPH ABERCROMBIE.

95 Sworn to before me this
21st day of February, 1929.

STEWART L. WHITMAN,
Notary Public, Bronx County No. 49,
New York County Clerk's No. 33,
Bronx County Register's No. 2901,
New York County Register's No. 9042,
Commission expires March 30, 1929.

**Affidavit of Thomas A. Sully in
Support of Motion.**

97

UNITED STATES DISTRICT COURT,
SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,

Plaintiff,

vs.

DORIS SILK CORPORATION,

Defendant.

98

County of New York, ss.:

THOMAS A. SULLY, being duly sworn, says: I am twenty-two years old. While in school, I live at 627 West 115th Street, New York City, and my home is in Brooklyn, New York. I am a second year student in Columbia Law School. I have attended Columbia College for three years and expect to receive my A. B. Degree at the end of the present year. Until I undertook the work mentioned in this affidavit, I never heard of Cheney Brothers or of Doris Silk Corporation, and never had anything to do with them either directly or indirectly. I have never done any work of this sort before and I am doing this work to help out with my expenses. I have no interest whatever in this litigation. I never heard of Nims and Verdi, attorneys for Cheney Brothers, until last December when I called at their office in search of work. I secured the opportunity to do the work in the present case through the Employment Bureau of Columbia University. So far, Nims and Verdi have paid

99

100 *Affidavit of Thomas A. Sully in Support of
Motion.*

me for my time the sum of \$29.75 including my expenses.

On the afternoon of January 23, 1929, Lawrence A. Tassi and I were in the stockroom of Louis T. Mallas, Inc., on the seventh floor of 1375 Broadway, New York City, in the Lefcourt State Building.

101 About 5:00 P. M., Mr. Mallas came in to the stockroom with a salesman of the Doris Silk Corporation whose name I am informed is Lou Morris. Morris had samples of his goods with him. Some of the samples were attached to cards bearing the name Doris Silk or Doris Silk Corporation. He showed Mr. Mallas these samples and attempted to sell Mr. Mallas some of the designs. One of the samples carried the same design as shown on the sample annexed to the complaint, marked Exhibit B.

The conversation which followed as nearly as I can reproduce it, was as follows:

102 Mr. Mallas: "These are the goods. What do you think of it? It is not as good quality as Cheney's."

He then showed us the samples the salesman had brought (Exhibit B to complaint) and compared them with a bolt of Cheney Brothers goods (Exhibit A to the complaint).

He then asked the salesman "Did you copy this from Cheney?"

The salesman replied "Yes".

Mr. Mallas: I can use quite a bit of this. It is cheaper than Cheney's. But is there any danger of me getting into trouble for handling this?

*Affidavit of Thomas A. Sully in Support of
Motion.* 103

You know I've got a good man in the trade. It wouldn't do for me to get into trouble. You know Cheney Brothers have their goods patented."

Then, to Mr. Tassi: "Didn't you show me where it was marked 'registered' on the selvage?"

We then examined the goods and found what we thought was the word 'registered' on the selvage (after the salesman had gone, we found that the notice in the selvage read as follows: RIVULAY SILKS WASHABLE RILLORA ORIGINAL DESIGN ALL RIGHTS RESERVED AGAINST COMPETITIVE COPIES.") 104

Mr. Mallas pointed to the notice and said:

"You see Cheney has his goods registered. I didn't think you were allowed to copy it if it was registered. You know in the trade you can't copy goods that are registered."

Salesman: "You can copy anything. It doesn't make any difference, as long as you don't get caught. Anyway, you can get around it by saying it's not an exact copy. The small spots on our goods are a little different than Cheney's. Theirs are round. Ours are not exactly round. And the circles on ours are a different size." 105

We then compared the spots and circles. There was a very slight difference in the size of the circles and not enough to be observed unless attention was specifically called to the same. As to the smaller spots, the only variance appeared to be that the copy was poorly printed.

106 *Affidavit of Thomas A. Sullivan Support of Motion.*

Mr. Mallas then asked the salesman: "Do you copy anyone else's goods?"

Salesman: "Sure."

Mr. Mallas: "Have you any samples with you of goods that you've copied?"

Salesman: "Yes."

He then produced a sample of goods which he said had been copied from the pattern of the Ononaga Silk Co. Mr. Mallas then examined
107 "his and other samples which the salesman had.

Mr. Mallas picked out certain of the samples and gave the salesman an order for these goods.

Mr. Mallas: "How long does it take you fellows to do this sort of thing?"

Salesman: "About a week."

Mr. Mallas: "If I gave you some of my goods could you copy them for me?"

Salesman: "Yes."

Mr. Mallas: "How do you copy it? Do you make a photograph of it or do you make it right off?"

108 Salesman: "We just copy it on paper and then make a tool and run it off."

Myself: "But suppose you do get caught. What can happen to you?"

Salesman: "Oh, I suppose they could sue."

Mr. Mallas: "Have you ever been sued?"

Salesman: "No."

Mr. Mallas then turned to us and said: "You see how it is. We buy goods from Cheney, make up dresses and sell them to Altman for \$16.25 (or \$16.75) who sells them for about \$25.00. Then, some other house buys the copied goods, makes

Affidavit of Thomas A. Sully in Support of Motion. 109

them up and sells them to others for \$10.50 and they put them in their window at about \$15.00. And then Altman comes back at us."

Mr. Mallas then turned to the salesman and said: "I could use a lot of your goods—I'd give you a big order. Only I don't want to get myself in trouble. Will you fellows stand behind me if any trouble should come up about this? I want to hear from Mr. Wolf about this before I do anything. Will you have him get in touch with me about it tomorrow?" 110

On January 25, 1929, the same Mr. Tassi and I were in the stockroom of Louis J. Mallas, at 1375 Broadway when a salesman from the Doris Silk Corporation, whose name, I am informed, is Dewey Gertier, came in.

Mr. Mallas told the salesman that as he had said to the other man who had been in on Wednesday, January 23, 1929, he, Mr. Mallas, would take quite a lot of the design copied from Cheney Bros., but he was afraid he could get in trouble for using copied goods. 111

Mr. Mallas then picked up a sample of Cheney Bros., goods and pointed out the words written on the selvage of same. The talk that followed with the salesman was, as nearly as I can remember, as follows:

Mr. Mallas: "You see what they have written on their goods?"

Salesman replied: "Yes, I've seen it."

Mr. Mallas: "What I want to know is, did you see what they had written on there when you copied the goods?"

112 *Affidavit of Thomas A. Sullivan in Support of Motion.*

Salesman: "Sure we did. That doesn't make any difference. You're in the business to make money, aren't you?"

Mr. Mallas: "Sure. If I can save money on your goods I'll do it. But I don't want to get in trouble. The salesman from Cheney's was in here the other day and I told him I could get the same goods from another house at a saving. But what I want to be sure of is that nothing can be
113 done if I do use your goods. You copied it after seeing what was printed on it?"

Salesman: "Sure we did. We do it all the time. That suit's a lot of appropriation. They can't do a damn thing about it. You know you can't get a patent on a design. We always copy them. Besides, Mr. Mallas, if any trouble did come up they couldn't do anything to you. They'd come back at us, not at you."

Mr. Mallas: "Well, that's what I wanted to know. I'll let you know about this at or the first of the month. You come in and Sol will take care of you." (Then, to Sol, his assistant)
114 "Sol, make a note of that. We can use the copy of Cheney's goods. Take care of this gentleman when he comes in about it if I don't have time."

On February 12, 1929, the same Mr. Tass and I were in the stockroom of Louis J. Mallas at 1275 Broadway, at about twelve o'clock noon when Mr. Goetler, the same salesman, who came to see Mr. Mallas on January 25th, 1929, came in with Mr. Mallas.

Mr. Mallas requested me to look through a box of samples and pick out the sweaters of Cheney

Affidavit of Thomas A. Sully in Support of Motion. 115

Brothers' polka dot design. This I did. Mr. Mallas then appeared to compare same with samples of copies made of them by the Doris Silk Corporation. He made no comment on same. He then picked up another sample of Cheney goods, bearing on the selvage the words "Rivnlay Silks - Washable Cylene—Original Design—All Rights Reserved Against—", which goods are attached hereto. Mr. Mallas informed me that he had given the other half of this sample to the Doris Silk Corporation to copy for him, and that the salesman was there for the purpose of getting the color of the grounds in which Mr. Mallas desired the copies to be made up. 116

Mr. Mallas then took a piece of paper and wrote out the colors he desired—"White", "Royal Blue", "Green" and "Red". He was discussing the desirability of other colors when the salesman suggested that he get one of Cheney's sample cards from which he could easily pick the colors he desired. Mallas asked the salesman if they could copy the colors exact. The salesman replied "Sure—look how well we did with this other" pointing to the copies they had made of the polka dot design, specimen of which is attached to the complaint as Exhibit "B". Mallas agreed that this would be a good idea and told me to go to Cheney's and get one of their color cards. Mallas then left the stock room. 117

The salesman then told me that all I had to do would be to get the card—that he could make exact copies of whatever colors Mallas wanted.

118 *Affidavit of Thomas A. Sullivan Support of Motion.*

Tassi then pointed out the words written on the selvage of the sample and asked the salesman if they didn't mean anything. The salesman replied: "You see what it means, don't you?" - pointing to the copies he had of the polka dot design. "It was on there and we copied it just the same. That notice didn't stop us."

Tassi: "That notice evidently doesn't mean much to you."

119 Salesman: "It doesn't mean anything - it just costs Cheney a half a cent extra regard to put it there - that's all."

Myself: "Does all of the Cheney goods that you've seen have the notice that is on this one?"

Salesman: "Yes - they put it on all of their goods. Is Cheney opened today?"

Myself: "I don't think so - it's a holiday."

Salesman: "Well, you want to go over there and get a sample card the first thing in the morning. We want to get these copies made up soon as possible. I'll be in sometime tomorrow to pick out the ones Mr. Madas wants."

120 He then put the sample into his brief case and left.

THOMAS A. SULLIVAN.

Sworn to before me this

14th day of February, 1929.

CLARA S. WEBER,
Notary Public,
Westchester County,
N. Y. Co. No. 259, Register No. 9254,
Commission Expires Mar. 30, 1929.

Affidavit of Lawrence A. Tassi in Support of 121
Motion.

Piece of silk referred to in and attached to the affidavit of Thomas A. Sully sworn to the 14th day of February, 1929. (Sample of this silk is annexed hereto to illustrate the design only).

Affidavit of Lawrence A. Tassi in
Support of Motion.

UNITED STATES DISTRICT COURT, 122

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,
Plaintiff.

vs.

DORIS SILK CORPORATION,
Defendant.

123

State of New York,)
County of New York, (ss.:

LAWRENCE A. TASSI, being duly sworn, says:

I am twenty three years old. I live at 627 West 115th Street, New York City. I received my A. B. Degree from Columbia College last year and am now a first year student in Columbia Law School. Until I undertook the work mentioned in this affidavit, I never heard of Cheney

124 *Affidavit of Lawrence A. Tasse in Support of Motion.*

Brothers, Nims & Verdi, or of Doris Silk Corporation, and never had anything to do with them either directly or indirectly. I have never done any work of this sort before and I am doing this work to help out with my expenses. I have no interest whatever in this litigation.

I secured the opportunity to do the work in the present case indirectly through the Employment Bureau of Columbia University. So far, I
125 have been paid for my time the sum of \$27.50 including my expenses.

I have read the annexed affidavit of Thomas A. Sully.

I was present at the times mentioned by Mr. Sully, and heard the conversations between Mr. Mallas and the salesman of the Doris Silk Corporation and the statements made in Mr. Sully's affidavit with reference to these conversations and what took place in Mr. Mallas' stock room are true of my own knowledge.

126 LAWRENCE A. TASSE.

Sworn to before me this

14th day of February, 1929.

C. V. S. WHEEL,

Notary Public,

Westchester County,

N. Y. Co. No. 259, Register No. 9254,

Commission Expires Mar. 30, 1929.

**Affidavit of James M. Speers in
Support of Motion.**

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,

Plaintiff,

against

DORIS SILK CORPORATION,

Defendant.

128

State of New York, /
County of New York, / ss.:

JAMES M. SPEERS, being duly sworn, says:

I am the President of James McCutcheon & Co. My company is in no way connected with Cheney Brothers beyond the fact that it buys goods from that concern. I never heard of the defendant until this case was called to my attention. I have no interest in this litigation beyond a very keen interest in any proper method of curtailing or stopping the piracy of textile designs.

129

James McCutcheon & Co. has been in business in New York City since 1855. It has primarily dealt in linens and is perhaps the best known linen house in this country. In its linen business, it sells table cloths, napkins, dresses and numerous articles in which the design plays a

130 *Affidavit of James M. Speers in Support of Motion.*

very important part. It is constantly striving to produce and does constantly produce new and original designs which are incorporated into its linens. In addition, McCutcheon & Co. has a very large silk business. At present, it has on hand stocks of silk fabrics for retail sale valued at approximately \$200,000.

131 McCutcheon & Co. believes it has suffered severe losses from time to time from the copying of designs by unscrupulous competitors who incorporate these designs into cheap fabrics, the sale of which discounts and seriously injures the sale of high class goods carrying the same design.

The designs in linens and silks have but a temporary value. If McCutcheon buys from Cheney Brothers or any other silk manufacturer, a large quantity of silk of a design that promises to be very popular and that design is copied by some other silk house, a cheap fabric and is put upon the market, this fact may mean that 132 McCutcheon must sell the silks which it has on hand of this design without profit or perhaps at a serious loss. The situation in this respect as regards the linens and silks is identical.

McCutcheon & Co. has caused careful investigation to be made of the possibility of protecting its original designs and it has been able to find no way in which adequate protection can be procured. The copyright statute does not apply to designs used for purposes such as my Company's linen designs are used or the designs of Cheney Brothers on its silks. The Design Patent Act provides no protection as a practical

Affidavit of James M. Speers in Support of Motion. 133

matter for it seems to be the rule that no design can be patented which is not original in the sense of Patent Law. This means that such a design must only be original as a silk design or a linen design, but it must be original in the abstract for every purpose. This means that the number of designs used in the textile trade which would meet this test is very, very small—negligible. On the other hand, a substantial number of designs are put upon the market each year in silks and linens which for all purposes of textile business are absolutely original and new, and they are so regarded by honorable merchants dealing in textiles. These merchants realize as do I, that the development of these designs costs a great deal of money, effort and skill. Commercially speaking, it is not sufficient merely to produce a design which is original,—originality alone will not make a linen design popular and salable. It must, in addition, meet the standards of fashion of the moment, and in creating these designs, our designers cannot wait until they know for a certainty just what fashion in design is to be popular and then meet it with goods embodying that design. These designs must be created long in advance of the season in which they are sold. This is particularly true in the case of silks. 134

These designs have but a temporary and ephemeral value and vogue. In the case of silks, the design is generally useless after the season in which it is sold.

McCutcheon never copies the designs of its competitors for purposes of competition and all 135

136 *Affidavit of James M. Speers in Support of Motion.*

honorab!e merchants carefully observe the rights of their competitors in new and original textile designs.

The practice of copying is largely confined to concerns that are unwilling to go to the expense of seeking in Europe or elsewhere for material for designs, but wait until some house like Cheney Brothers or McCutcheon & Co. develops a new design and then, who's success is assured, copies it and sells goods in competition with the creator of the design. We have even seen representatives of our competitors standing in front of our store windows, pored in hand, making copies of new designs, as soon as they are displayed. This copying practice is a serious detriment to the development of American textile business. If our rights in our original designs cannot be protected long enough to enable us to sell them at a reasonable profit before they become common to the trade, there is little or no incentive to make special efforts to produce beautiful and original designs.

137

138

JAMES M. SPEERS.

Sworn to before me this
25th day of February, 1929.

SEWARD L. WHELMAN,
Notary Public, Bronx County No. 49,
New York County Clerk's No. 33,
Bronx County Register's No. 2901,
New York County Register's No. 2942,
Commission expires March 30, 1929.

**Affidavit of Harry D. Nims in
Support of Motion.**

UNITED STATES DISTRICT COURT,
SOUTHEAST DISTRICT OF NEW YORK.

CHENEY BROTHERS,
Plaintiff,

against

DORIS SILK CORPORATION,
Defendant.

140

State of New York,)
County of New York,) ss.:

HARRY D. NIMS, being duly sworn, says: I am one of the counsel for the plaintiff in this action.

On or about March 7, 1929, I addressed a letter to the Register of Copyrights reading as follows:

..March 7, 1929.

141

..Register of Copyrights,
Washington, D. C.

Dear Sir,

I desire to copyright, if possible, a design for a textile fabric. Please advise me if this can be done, and advise me of the position of the Copyright office in matters of this sort.

142 *Affidavit of Harry D. Nims in Support of Motion.*

Please also advise me of the bearing of any pending legislation that there may be bearing on this inquiry. I understand that H. R. 13,453 is of interest in this connection.

143 This inquiry is a repetition in part, of my inquiry of March 7th. I would like particularly to have, however, a brief statement from the Copyright office, as to the bearing of any pending legislation relating to my inquiry.

Very respectfully,

HARRY D. NIMS."

On March 8, 1929, I received from the Register of Copyrights a reply thereto reading as follows (the original of this letter is attached to this affidavit):

"March 8, 1929.

"Dear Sir,

144 Receipt is acknowledged of your letter of March 7 asking as to the bearing of any pending legislation on the possibility of securing copyright for a design for a textile fabric.

In reply you are informed that H. R. 13,453, a Bill to provide for copyright registration of designs, covers the subject-matter now protected by the design patent law and proposes to repeal that law. This Bill is intended to substitute protection obtained by copyright based on original authorship in

Affidavit of Harry D. Nims in Support of Motion. 145

the case of designs for articles of manufacture, including textile fabrics, in place of protection by patent based on invention and subject to examination for originality and priority. It seems clear that this Bill, the last of a long series of similar proposals which have been pending before Congress for some years, would not receive serious consideration, as it has by the Committee of Congress having jurisdiction over it, if in fact it were clear that the copyright law now protects the subject-matter dealt with in the Bill. This is one reason why the Copyright Office is persuaded that designs for articles of manufacture are not now protected under the copyright law. 146

Respectfully,

THORVALD SOLBERG,
Register of Copyrights."

Harry D. Nims, Esq.
17 East 42nd Street,
New York City, New York." 147

HARRY D. NIMS.

Sworn to before me this
9th day of March, 1929.

STEWART L. WHITMAN,
Notary Public, Bronx County No. 49,
New York County Clerk's No. 33,
Bronx County Register's No. 2901,
New York County Register's No. 9042,
Commission expires March 30, 1929.

148 **Affidavit of Ralph Abercrombie in
Support of Motion.**

UNITED STATES DISTRICT COURT,
SOUTHEAST DISTRICT OF NEW YORK.

CHENEY BROTHERS,

Plaintiff

against

DORIS SILK CORPORATION,

Defendant.

149

State of New York,)
County of New York,) ss.:

RALPH ABERCROMBIE, being duly sworn, says:

I am the same person who made an affidavit
in this proceeding sworn to February 21st, 1929.

On or about February 16th, 1929, I received
the following letter from Louis J. Mallas:

“LOUIS J. MALLAS, Inc.
1375 Broadway
New York

150

Office of the President

February 16, 1929

Mr. Ralph Abercrombie
Cheney Brothers
181 Madison Avenue
New York City

Dear Mr. Abercrombie:

It is true that I have bought some goods
from the Doris Silk Corp., and one of the

Affidavit of Ralph Abercrombie in Support of 151
Motion.

patterns purchased from them was an exact copy of pattern that I have been running from you.

This pattern was offered to me for less money and I inquired from the salesman whether by buying their pattern, which was a copy of yours, would it cause me any trouble if Cheney Brothers found it out, but they informed me that it would not.

I called their attention to the selvage being stamped by you that this was an original design and that you reserved all rights against competitive copies and they assured me that it would not affect me at all as they are responsible and would protect me. 152

I was also informed by their salesman that they do this work frequently and was told that they have a perfect right to copy anybody's pattern they wished to and had been doing it for quite some time. It was for that reason that I bought the goods without any fear as to any trouble arising with the silk house whose goods I had originally. 153

With kindest regards, I remain

Yours very truly,

Louis J. Mallas, Inc.
 LJM:BU Louis J. Mallas (Signed)''

I attach hereto the original of this letter.
 The goods referred to in this letter as having

154 *Affidavit of Ralph Abercrombie in Support of Motion.*

been purchased from the Doris Silk Corporation by Mallas was a copy of our No. 4488.

155 I talked to the said Mallas in his office and he stated to me that he had purchased goods from the Doris Silk Corporation bearing our design No. 4488. He further stated to me that the salesmen of the Doris Silk Corporation had offered to copy other designs of Cheney Brothers and had admitted to him that they knew that Cheney Brothers claimed exclusive rights in their designs and that Cheney Brothers' silks carried a notice in the selvage to that effect, and that they knew of the said notice at the time they had manufactured and sold copies of Cheney Brothers design No. 4488.

I have requested the said Mallas to make an affidavit as to the facts within his knowledge but he has declined to do so.

RALPH ABERCROMBIE.

156 Sworn to before me this
11th day of March, 1929.

STEWART L. WHITMAN,
Notary Public, Bronx County No. 49,
New York County Clerk's No. 33,
Bronx County Register's No. 2901,
New York County Register's No. 9042,
Commission expires March 30, 1929.

**Affidavit of Wallace H. Martin in
Support of Motion.**

157

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,

Plaintiff,

against

DORIS SILK CORPORATION,

Defendant.

158

State of New York, }
County of New York, { ss.:

WALLACE H. MARTIN, being duly sworn, deposes and says. I am an attorney at law, associated with the firm of Nims & Verdi, attorneys for the plaintiff herein.

When this case first came up we asked our Washington correspondent to advise us the usual time taken to secure a design patent. On March 5th he wrote us the following letter: 159

"Nims and Verdi,
17 E. 42nd Street,
New York, N. Y.
Dear Sirs:

*Re: Protecting textile designs by
design patents.*

In my letter of February 25th, in this matter, I reported the results of a short

160 *Affidavit of Wallace H. Martin in Support of Motion.*

survey as to how long it took to get a design patent: taking one Official Gazette and taking the first 20 in that Gazette, I found that the average time taken to get a design patent was six months, which time is so long that the market for the goods has gone by the time the patent has issued.

161 Thinking that taking only 20 patents from one Official Gazette was not comprehensive enough to give a figure that was really very accurate, I have made a more comprehensive search, covering the period from January of 1928 through February of 1929. I took the first Official Gazette issued in each of these months, and noted the time that it took to get the design patent, taking the first ten patents in each Gazette. I thus covered one hundred and four patents arbitrarily selected over a period of fourteen months. The result of this was that the average time for getting a design patent was just a shade over seven months, the time varying anywhere from two months to thirty-three months.

162 The figures on which I base these estimates are as follows:

Official Gazette for:	Total time for 1st ten Patents
January 3, 1928	48 months
Feb. 7, 1928	93 months
March 6, 1928	99½ "
April 3, 1928	43 "

Affidavit of Wallace H. Martin in Support of 163
Motion.

May	1, 1928	35½ months	
June	5, 1928	40	"
July	3, 1928	94½	"
August	7, 1928	26½	"
Sept.	4, 1928	120½	"
October	2, 1928	49½	"
Nov.	6, 1928	60	"
Dec.	4, 1928	108½	"
Jan.	1, 1929	63½	"
Feb.	5, 1929	121	"
<hr/>			
		1003	Months

164

Dividing this by 140 gives an average of
 7 months.

Yours very truly,

(Signed) MARTIN T. FISHER."

I attach hereto the original of this letter.

WALLACE H. MARTIN. 165

Subscribed and sworn to before me this
 16th day of March, 1929.

MAURICE WAHL,
 Notary Public, N. Y. Co. No. 15, Reg. No. 9099,
 Cert. filed in Queens Co. No. 1890,
 Reg. No. 2152,
 Commission expires March 30th, 1929.

166

**Affidavit of Leonard J. Bronner in
Opposition to Motion.**

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

167

CHENEY BROTHERS,
Plaintiff,

against

DORIS SILK CORPORATION,
Defendant.

State of New York, }
City of New York, } ss.:
County of New York, }

LEONARD J. BRONNER, being duly sworn, deposes and says:

168

That he is President of Doris Silk Corporation, defendant in this action.

This is an action for an injunction, both permanent and pending the determination of the action, to restrain the defendant from manufacturing and selling silk upon which is printed a certain polka dot design which the plaintiff claims is similar to or identical with similar silk manufactured and sold by the plaintiff using the same design, which silk and design is designated by the plaintiff as its No. 4488.

The plaintiff now moves this Court for an injunction pending the determination of the ac

Affidavit of Leonard J. Bronner in Opposition to Motion. 169

tion. Neither the complaint nor any of the affidavits upon which this motion is based allege that the plaintiff has ever patented or copyrighted or trade-marked the design in controversy, and the plaintiff does not allege nor show in any way that it has taken advantage or even attempted to take advantage of the statutes enacted by the United States Congress to enable persons who have perfected original ideas and original designs to have the exclusive use of such ideas and designs for a certain period. 170

On the contrary, this action and this application are sought to be sustained upon the theory that merchants and manufacturers of silks and textiles recognize the difficulties inherent in the production of designs, "and recognize that the creator of such designs has exclusive property rights therein for a sufficient period after their production to enable the producer to realize from them part, at least, of their commercial value."

Neither the complaint nor the affidavits upon which this application is based show by any competent proof that these are recognized facts and do not explain why the plaintiff has not attempted to take advantage of the protection of the copyright, trade-mark and patent laws. 171

It is true that the affidavit of JAMES M. SPEERS, annexed to the moving papers, alleges that the Design Patent Act provides no protection, but this is merely an assertion unsupported by any citations and unwarranted by the law. The affidavit of JAMES M. SPEERS states that the reason why this design cannot be patented is that it is

172 *Affidavit of Leonard J. Bronner in Opposition to Motion.*

not original in the sense of the Patent Law. The plaintiff admits that the Copyright Acts do not afford protection for a design of this nature. In the face of this admission the plaintiff urges the preposterous claim that because the Acts do not afford protection to a design of this nature that he is entitled to the relief sought for. Deponent urges, however, that if the Legislature had thought it necessary to afford protection in respect to such designs, that such designs would undoubtedly have been included in the Copyright Acts, and that the failure to include them indicates that the law does not favor the granting of a monopoly to a person in respect to such designs.

173 The plaintiff bases its claim particularly on the fact that the manufacture and sale by the defendant of silks similar in design to the plaintiff's constitute unfair competition. That there is nothing new or original about the plaintiff's design. The same is annexed to the complaint marked Exhibit "A", and from an examination thereof, this Court will readily see that it consists merely of white polka dots set against a blue background with an occasional blue circle set off by a white circle in which are placed a number of blue dots. There is nothing original in this design and similar designs have been used for years, and it is because of this very reason that the design cannot be copyrighted. If this were an original design, as the plaintiff claims, then it would be fully protected by the Copyright Law. The design not being original, the sale

Affidavit of Leonard J. Bronner in Opposition to Motion. 175

and manufacture of similar designs cannot constitute unfair competition.

The plaintiff does not base its claim, either in the moving affidavits or in the complaint, that the defendant, in selling the silk marked Exhibit "B", annexed to the complaint, represents that the same is manufactured by the plaintiff, or that the same is CHENEY BROTHERS silk, but simply alleges that the selling of silk printed with such design to the defendant's customers, who are also customers of CHENEY BROTHERS constitutes unfair competition. 176

The plaintiff in this action seeks relief, which if granted, will constitute restraint of trade. A monopoly in a private enterprise, as distinguished from a public utility, is not countenanced by the law except in certain cases where monopolies in private enterprises have been specifically allowed by statute. The statutes which allow monopolies today are the Copyright Acts and the Patent Laws. Aside from monopolies which are specifically permitted by these statutes, the law considers them to be in restraint of trade and they are therefore not countenanced. 177

The plaintiff seeks to have an adjudication in this action that it is entitled to the sole use of a particular design, even though that design has not been copyrighted or patented and because the Patent Laws and Copyright Acts do not permit their copyrighting or patenting.

The plaintiff virtually concedes by the affidavit of JAMES M. SPEERS, annexed to the moving papers, that the design in question cannot be

178 *Affidavit of Leonard J. Brenner in Opposition to Motion.*

copyrighted. It is therefore not within the sound discretion of this Court to grant a monopoly which would constitute a restraint of trade other than in cases where the same is specifically sanctioned by legislation.

Deponent therefore urges that the complaint and the moving affidavits do not constitute a cause of action against the defendant as a matter of law.

179 As to the factual matters alleged in the complaint and in the moving affidavits, the same are wholly false and untrue. Deponent, of course, had no knowledge of how Design No. 4488 was developed and therefore is not in a position to deny those statements in the moving affidavits which allege that the same was created by HENRY CREANOE in Paris, and that the said HENRY CREANOE is employed by the plaintiff for the purpose of designing silks.

180 The alleged act of the defendant which the plaintiff claims constitutes unfair competition is that the defendant offered to sell to one LOUIS J. MYLLAS, one of the plaintiff's customers, silk inferior in quality to the plaintiff's silk, bearing a design similar to the design No. 4488 at ten cents cheaper per yard than the price at which the plaintiff sold the same silk. It is apparent from the moving affidavits and particularly from the affidavits of LAWRENCE A. TASSI and THOMAS A. SCULLY that the entire transaction which took place between the defendant and the said MYLLAS was thought out and planned in advance by the said MYLLAS and the plaintiff, and was a scheme

Affidavit of Leonard J. Bronner in Opposition to Motion. 181

and a conspiracy to establish and plant a cause of action against this defendant. Neither the complaint nor the moving affidavits allege that the defendant sold any of the said silk to the said MALLAS, and the most that the plaintiff claims the defendant did is to offer to sell the said silk to MALLAS.

The defendant denies the allegations contained in the said affidavits but submits that even if the same are true, that the defendant has committed no wrong and is not guilty of unfair competition. An offer to copy the plaintiff's design, without actually having copied the same and without having sold any silk bearing that design, does not give rise to a cause of action in favor of the plaintiff on these facts. 182

The affidavit of RALPH A. ABERCROMBIE alleges that certain customers of the plaintiff complained to the plaintiff and informed it that they could purchase the plaintiff's design, No. 4488, from other concerns at a cheaper price, but there is nothing in this affidavit which states or in any manner shows that this defendant sold or offered to sell any silks bearing design No. 4488 to any of these concerns. 183

The affidavits of THOMAS A. SULLY and LAWRENCE A. TASSI allege that on January 28th, 1929, they were present at the place of business of Mr. MALLAS and overheard and took part in a conversation between Mr. MALLAS and one LEW MORRIS who, it is claimed, is a salesman of the defendant. Deponent denies that the conversation, as set forth in the said affidavits, is true and

184 *Affidavit of Leonard J. Browner in Opposition to Motion.*

his demand is supported by the affidavit of Law Morris which is hereto annexed. Deponent also denies that the said Law Morris was at that time a salesman for the defendant, but states that the said Law Morris was an employee in the defendant's stock room. The reason why the said Law Morris visited Mr. Mallas on January 28th, instead of one of the defendant's regular salesman, is that Mr. Mallas telephoned deponent on that date and said that he wished to see some of the defendant's lines. There was no regular salesman in the defendant's premises at the time and deponent therefore sent the said Law Morris with a number of samples to show Mr. Mallas. The statements which the plaintiff alleges were made by the said Law Morris can in no way bind this defendant, and the said Law Morris was not qualified to speak for the defendant, and the only authority that the said Morris had at the time was to show the samples with which he had been sent to Mr. Mallas and to take any orders which Mr. Mallas might give him. The unauthorized statements of the said Morris cannot be used against this defendant in this proceeding.

186 Deponent also denies the truth of the statements alleged to have been made by the defendant's salesman, Dewey Gertzel, to Mr. Mallas in the presence of Mr. Tass and Mr. Sully. A true report of what happened at the said interview is set forth in the affidavit of Dewey Gertzel hereto annexed.

The plaintiff makes much of the fact that there was woven into the selage of the plaintiff's suits

Affidavit of Leonard J. Bronner in Opposition to 187
Motion.

the words "Rivulay Silks—Washable Rillora—Original Design—All Rights Reserved Against Competitive Copies." Deponent does not deny that this notice was actually woven into the selvage of the plaintiff's silks, but does deny that these words in any way constitute a prohibition upon the defendant to manufacture and sell silks bearing a similar design. The plaintiff is evidently under the misapprehension that the placing of this notice prevents competitive design 188 but the placing of such a notice acts as such only in cases where the design has been copyrighted, and in such cases this notice has been given an unusual weight and import by a statute, of which this plaintiff has not even seen fit to take advantage.

Deponent, moreover, denies that at the time that the defendant first manufactured and sold the silk annexed to the complaint, marked Exhibit "B", that it had any knowledge or notice, either actual or constructive, of the fact that the plaintiff was manufacturing a similar design. 189 Deponent sold the said silk, Exhibit "B", to one of his customers who requested deponent to get him silk similar in design to a sample which was made into a dress. This customer brought the said dress to defendant's premises and asked the defendant to furnish him with silk bearing a similar design. Deponent did not then and does not yet know of any reason why this could not be done and, accordingly, deponent procured the manufacture of and sold the said silk to his customer.

190 *Affidavit of Leonard J. Bronner in Opposition to Motion.*

Deponent therefore urges that the defendant is not engaged in unfair competition with the plaintiff; that the design of the plaintiff is not original; that the plaintiff has not taken advantage of the laws enacted in order to obtain the exclusive right to manufacture and sell the design. The defendant has sold silks bearing the said design in good faith, without knowledge of the plaintiff's claim, and the defendant has not represented or warranted to any of its customers
 191 that the material so sold was manufactured by the plaintiff; that the material used in connection with the said design was not of quality and grades inferior to the plaintiff's; that the defendant did not sell the same at a price lower than the plaintiff's; and denies that the plaintiff has in any way been damaged by any act of the defendants.

Deponent therefore prays that the motion for an injunction, pending the determination of this action, be denied.

192

LEONARD J. BRONNER.

Sworn to before me this
 4th day of March, 1929.

JACK KORSBYN,
 Comm. of Deeds,
 Expires Jan. 15, 1931.

**Affidavit of Lewis Morris in
Opposition to Motion.**

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,
Plaintiff,

against

DORIS SILK CORPORATION,
Defendant.

State of New York,)
City of New York, }ss.:
County of New York,)

LEWIS MORRIS, being duly sworn, deposes and says: I reside at 10323-107th Street, Richmond Hill, Long Island, New York, and am now employed by DORIS SILK CORPORATION, defendant in this action, in the capacity of salesman.

That at all times hereinafter mentioned, I was not employed in the capacity of salesman but was employed in the capacity of stock clerk. That I received my present position as a salesman for the defendant on February 1st, 1929.

That in the afternoon of the 23rd day of January, 1929, I was informed by Mr. LEONARD J. BROXNER that one LOUIS J. MALLAS, a customer of the defendant, desired to see a salesman and desired to see some samples of the defendant's

196 *Affidavit of Lewis Morris in Opposition to Motion.*

silks. Mr. BRONNIE requested me to call upon Mr. MALLAS and furnished me with samples to show to Mr. MALLAS. Although this was out of my regular line of duties, it was necessary for me to go on that day because there was no other person available at the time.

197 I arrived at Mr. MALLAS' place of business at 1375 Broadway and an interview took place between Mr. MALLAS and myself in Mr. MALLAS' stock room, at which interview there were present beside myself and Mr. MALLAS, three gentlemen who appeared to be stock clerks in the employ of the said MALLAS.

Mr. MALLAS requested me to show the samples that I had brought with me and I laid out the samples upon a table. Mr. MALLAS then took from a shelf in the stock room a piece of silk bearing a design which I believe is plaintiff's Design No. 4488, Exhibit "A", annexed to the complaint, and showed the same to me. The conversation which then took place is as follows:

198 Mr. Mallas: This goods is patented by Cheney's. Here is the notice on the selvage.

Before I could reply, Mr. MALLAS then took from the samples which I had brought with me a piece of silk the principal color of which was green and which was similar in design to the design on Plaintiff's Exhibit "B", annexed to the complaint.

Mr. Mallas: Do you know if I could get into any trouble by buying the goods from you? My name is too clean in the market and I wouldn't want to get into any trouble.

*Affidavit of Lewis Morris in Opposition to
Motion.*

199

Mr. Morris: The patent may be different. The dots may be larger or smaller than the patent you showed me.

Mr. Mallas: Do you do any copying of other patents?

Mr. Morris: I suppose we do. That will have to be taken up with the Doris Silk Corporation.

Mr. Mallas: Have you any other patents that were copied?

Mr. Morris: I showed him one similar to some other silk house mentioning no name. In between all that, he bought five pieces of a different pattern, not being discussed at the time.

200

Mr. Mallas: I will have to take the rest of it up with your firm. I will get in touch with the salesman tomorrow.

I then walked out.

I have read the affidavit of THOMAS A. SULLY, annexed to the moving papers, and I am familiar with the statements set forth in the said affidavit and with the report of the interview, as set forth in the said affidavits.

201

I deny that the conversation that took place is as is set forth in the said affidavit and state that a true and correct statement of the conversation is contained in this affidavit.

LEWIS MORRIS.

Sworn to before me this
4th day of March, 1929.

ANTHONY A. CASSAZZA,
Notary Public, N. Y. Co.

202

**Affidavit of Dewey Gertler in
Opposition to Motion.**

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

203

CHENFY BROTHERS,
Plaintiff,

against

DORIS SILK CORPORATION,
Defendant.

State of New York,)
City of New York,) ss.:
County of New York,)

204

Dewey Gertler, being duly sworn, deposes and says: That he resides at 255 West 90th Street, in the Borough of Manhattan, City of New York. That he is employed by the defendant, Doris Silk Corporation, in the capacity of salesman.

Deponent has read the affidavit of Thomas A. Sully, annexed to the moving papers herein, and is familiar with the contents thereof.

Deponent denies that the affidavit is a true and correct statement of what occurred between deponent, Mr. Mallis and the persons who were present at the said conversation.

Mr. Mallis sent a postal card to me on, or about the 25th day of January, 1929, requesting

Affidavit of Dewey Gertler in Opposition to Motion. 205

that I call at his place of business. Accordingly, I called at Mr. MALLAS' place of business and inquired whether he wanted to see me. He informed me that he wished to have a copy made of a certain design which was made by CHENEY BROTHERS and he showed me a sample of the design which was similar to the Exhibits annexed to the affidavit of THOMAS A. SULLY in all respects.

Mr. MALLAS wanted to know if we could make up a copy of this design. Deponent, knowing that Mr. MALLAS was a customer of CHENEY'S inquired of Mr. MALLAS why he wanted this design copied by the defendant. Mr. MALLAS then informed him that CHENEY'S could not deliver to him for quite some time and that he had immediate need of silks of this design. Deponent then stated that he did not know whether defendant could copy this design or not but that it would be necessary for him to communicate with an officer of the defendant and that he would later on advise Mr. MALLAS as to what could be done for him. 206

Deponent then took with him a piece of the sample and inquired from Mr. MANDELBAUM, who is an officer of the defendant corporation, whether defendant could furnish Mr. MALLAS with a copy of the sample. Mr. MANDELBAUM then stated to deponent that the defendant was not interested in running cloth of this design as a regular number in the defendant's line, but that if CHENEY BROTHERS could not deliver to MALLAS, that the defendant would be willing to 207

208 *Affidavit of Dewey Gertler in Opposition to*
 Motion.

accommodate MALLAS as a matter of courtesy
and specially manufacture silk of such design
for Mr. MALLAS only.

Deponent subsequently again went to see Mr. MALLAS and explained to Mr. MALLAS what Mr. MANDELBAUM had told him and Mr. MALLAS requested that the defendant manufacture for him a number of pieces of silk, using various colors.

209 When deponent requested Mr. MALLAS to specify what colors he wanted, Mr. MALLAS was so indefinite as to exactly what colors he wanted that deponent suggested to Mr. MALLAS that he procure samples of the colors in order that the goods to be manufactured would be exactly as desired.

Neither deponent nor the defendant nor any of its officers has ever heard again from Mr. Mallas in connection with this particular design.

Deponent denies that at the times mentioned in the affidavits of THOMAS A. SULLY and LAWRENCE A. TASSI, annexed to the moving papers, that he ever showed Mr. MALLAS or any person employed by him or connected with him in any manner any samples of silks bearing the design involved herein, and denies that there was any conversation had between him and Mr. MALLAS in respect to such designs.

Dwight V. Gierling,

Sworn to before me this
4th day of March, 1929.

ANTHONY A. CASSAZZA,
Notary Public, N. Y. Co.

**Affidavit of Benjamin Koch in
Opposition to Motion.**

211

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,
Plaintiff,

against

DORIS SILK CORPORATION,
Defendant.

212

State of New York, }
City of New York, } ss.:
County of New York, }

BENJAMIN KOCH, being duly sworn, deposes and says: That he is buyer of the SILVER FOX Dress Co., Inc., which has its place of business at 1385 Broadway, in the Borough of Manhattan, City of New York.

213

That SILVER FOX Dress Co., Inc., is engaged in the cutting up of silks and in the manufacture of dresses.

That in or about the month of October, 1928, deponent purchased from a contractor a dress bearing a polka dot design, which deponent now knows to be the plaintiff's design =4488.

That deponent thought that the said design was highly saleable and wished to duplicate the same but did not know where the merchandise could be purchased. There was nothing upon the merchandise or the dress to indicate the

214 *Applaudit et Benjamin Koch in Opposition to Motion.*

source of its manufacture and as a result deponent took the matter up with Mr. Leonard J. Bronner, the president of the corporate defendant. Mr. Bronner thoroughly examined the polka-dot design, but informed deponent that he did not know the source of its manufacture. Deponent asked Mr. Bronner if he could duplicate this design, to which Mr. Bronner replied he saw no difficulty in the duplication as this was an ordinary design, having no peculiarity or individuality which could not be reproduced by ordinary manufacture.

Arrangements were entered into between deponent and Mr. Bronner to copy the design and deponent gave Mr. Bronner an order for a certain quantity of goods embodying this design.

During all these transactions with Mr. Bronner deponent had no knowledge as to the source of the manufacture of the goods embodying said design and there was nothing upon the dress to indicate that the material was the product of the plaintiff.

Deponent verily believes that Mr. Brommer had no knowledge that the design on the material which was used in making the dress shown to him was the design of the plaintiff.

BUNAVAN K. et al.

Sworn to before me this
20th day of March, 1929.

HARRY BERNSTEIN,
Notary Public, etc.

Opinion, Mack, C. J.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS, Plaintiff, against DORIS SILK CORPORATION, Defendant.	}
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NIMS & VERDI, Solicitors for Plaintiff, Harry D.
 Nims, Minturn De S. Verdi, Wallace H. Mar-
 tin, of Counsel.

EPSTEIN & BROTHERS, Solicitors for Defendant.

MACK, Circuit Judge:

Plaintiff and defendant are silk manufacturers selling piece goods to dress manufacturers and drygoods stores. Defendant is sought to be enjoined from alleged unfair competition. The motion before me is for a preliminary injunction.

219

The right sought to be protected is the exclusive right to sell goods bearing a design alleged to have been originated by plaintiff. The alleged unfair competition is not the palming off of defendant's copy of plaintiff's goods as plaintiff's, but defendant's sale of its own goods alleged to have been knowingly and wilfully copied directly from plaintiff's goods. There is no charge that either the vendee or the public was or would be

led to believe either that defendant's goods were plaintiff's or that plaintiff's goods were really defendant's.

It would seem to be perfectly clear that if the design is an original one plaintiff could and ordinarily should seek the protection given by the design patent law, the very purpose of which is to protect an original designer in the exclusive use of his design as against anyone using or selling the same design, whether with or without actual knowledge of the plaintiff's patent.

In the opinion of the learned and experienced Registrar of Copyrights, the copyright law as heretofore and now in force affords no protection for designs for articles of manufacture. For a number of years, however, legislation has been sought and bills to that effect have been introduced in Congress, to extend the copyright protection to such designs. The basis of such additional legislation is the perhaps justifiable complaint that a design patent may not give adequate relief, especially in such cases as the instant one. The alleged reason for this is that dresses and the material therefor are highly seasonal; the designs have but a short business life; unless the protection be afforded not later than their introduction into the trade, it is of no practical value. Plaintiff alleges that if it were compelled to keep its design secret during the long period that attends the examination by the Patent Office and the grant even of a design patent, it may well be valueless because of a change in styles when and if the patent shall have been granted.

This complaint however, is doubtful on the facts. The design in question was developed during the winter of 1927-8 to be manufactured during the summer of 1928, and sold during the winter and spring of 1928-9. There would seem to have been sufficient time to secure a design patent for such a design, if original, before the design came to the attention of competitors. If however, the complaint were fully justified, as perhaps it might well be in some cases, the remedy would seem to be a change in legislation. Congress has established the limits of a monopoly right against copying and the sale of copied matter: if in any case the protection intended to be given by such laws is possible, but because of administrative delays, not practicable, the legislative remedy would be comparatively simple.

224

Registration under copyright laws is immediate. If the protection of copyright registration can constitutionally be given to designs of this character—and I express no opinion thereon—plaintiff would have adequate protection. So too if the patent law were changed so that a design patent would be granted at the time of application, without examination, as in some other countries, plaintiff's situation would seem to be fully met.

225

But Congress has not yet afforded this relief and in its wisdom it may decline so to do. Therefore plaintiff appeals to the court, asserting a common law right and demanding the court's aid in the enforcement thereof.

That common law right is alleged to be not merely the ownership of its own original designs

but the exclusive right, if not to make and use, at least to sell them, in any event on such articles as it is accustomed to manufacture or deal in.

In support of this contention, reliance is placed on the case of *International News Co. v. Associated Press*, 248 U. S. 215. That case concededly marks a long step forward in the protection of intangible rights. Whether the underlying principle is applicable to the instant case has seemed to me at least extremely doubtful: after repeated reading and consideration thereof, I am of the opinion that that case is distinguishable.

There, news gathered at large expense by plaintiff for the use of its own members through publication was held after such publication to be its property not as against the public but as against a competing news-gathering company to the extent that the latter might not sell it for the very limited period during which it was news. But neither copyright nor patent laws could ever give adequate protection to property of this character: as news it was necessarily valueless before registration could be made even if this were constitutionally permissible.

It is true that some of the language used in the majority opinion is very broad and that the reasoning in the concurring opinion of Justice Holmes must not be deemed the basis of the decision of the majority. On the other hand, it seems to me equally clear that there was no intention to lay down as a general principle that a court of equity will restrain one from copying the results of another's labors and reaping the

benefits of the commercial distribution of such copying even though it be done with the full knowledge that the other or another has created the work. As against any moral wrong involved in such appropriation of another's expenditure of time and money, is the economic danger of unregulated monopolistic charges to the public for the use thereof. Breach of contract or trust, misrepresentation or fraud of course change the situation and in and of themselves justify restraint. Legislation has endeavored if not to reconcile at least to decide as between the ethical and the economic view point: publication of that which can be patented is deemed a full dedication to the public for competitive use and sale despite any actual contrary intent however clearly expressed.

230

In my opinion, it was not intended by the majority opinion in the Associated Press case that the principle there found applicable to a most unusual situation should cover a case in which the patent laws could and do give some, though perhaps in their present form inadequate, protection. Congress, not the courts, must be appealed to for the fuller protection which Congress can constitutionally afford.

231

Plaintiff urges that the design patent laws give protection only if the design be strictly original, not if it be original in the sense, for example, that the design applicable to an automobile is for the first time applied to dress material. The deduction from this that because such a design is not protected by the patent laws therefore plaintiff's property in its conception of the applicabil-

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Order Allowing Appeal.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

245

CHENY BROTHERS,

Plaintiff,

against

DORIS SILK CORPORATION,

Defendant.

The plaintiff herein having filed its petition for appeal from an order made and entered herein, dated May 8th, 1929, denying plaintiff's motion for a preliminary injunction against the defendant, together with an assignment of errors, it is hereby

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Ordered that the said appeal be and the same hereby is allowed upon the plaintiff filing an undertaking as required by law in the sum of \$250.00.

Dated, May 10th, 1929.

WM. BONDY,

U. S. D. J.

Assignment of Errors.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS, Plaintiff.

vs.

DORIS SILK CORPORATION, Defendant.

248

And now comes Cheney Brothers, the plaintiff in this suit and says, that in the record, proceedings and order entered herein on or about the 8th day of May, 1929, there is manifest error in this:

1. The Court erred in refusing to grant a preliminary injunction forbidding the defendant to copy the designs of plaintiff set out and referred to in the complaint as prayed in said complaint.

249

2. The Court erred in finding and holding that the plaintiff had adequate remedy under the Patent Statutes of the United States.

3. The Court erred in failing to find and hold that the plaintiff had such rights in its designs, as set forth and described in the complaint, as to enable it to enjoin the copying thereof for a sufficient period to enable plaintiff to realize to a reasonable extent the commercial value of such designs.

250

Assignment of Errors.

4. The Court erred in finding and holding that the case of *International News Co. v. Associated Press*, 248 U. S., 215, is distinguishable from the case at bar.

5. The Court erred in finding and holding that there is any economic danger of unregulated monopolistic charges to the public involved in the claim of the plaintiff in the case at bar.

251

6. The Court erred in finding and holding that the plaintiff is not deprived of any of its common law rights arising out of its origination and/or ownership of such designs, by reason of the fact that the patent laws might be made by Congress to give adequate protection, although the protection now be inadequate.

7. The Court erred in finding and holding that Congress, and not the Courts, must be appealed to for fuller protection of the plaintiff's rights.

252

8. The Court erred in finding and holding that, insofar as Congress has failed to give protection to designs, it has fully declared its legislative purpose that such a right is not to be deemed exclusive.

9. The Court erred in failing to find and hold that the defendant, by copying plaintiff's designs, had reaped where it had not sowed, and had committed an act of unfair competition against the plaintiff.

Assignment of Errors.

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10. The Court erred in failing to find and hold that the act of copying a design which the defendant knew, or had reasonable ground to know, was an exclusive or original design so far as its use on the plaintiff's goods was concerned, was an act of unfair competition.

11. The Court erred in finding and holding that the fact that rights obtainable under a patent are not adequate but could be made so, or that the Copyright Statute is not adequate but might be made so, to give to this plaintiff the protection prayed for, is not a reason why the Court should deny the relief here prayed.

254

WHEREFORE, Cheney Brothers, the plaintiff herein, prays that so much of the order made and entered herein on the 8th day of May as denies the relief prayed in the complaint be reversed and that the said order be remanded with directions to grant a preliminary injunction as prayed in the bill of complaint and to proceed in accordance with the law.

255

NIMS and VERDI,
Solicitors for Plaintiff.

256

Citation.

THE PRESIDENT OF THE UNITED STATES OF
AMERICA:

TO DORIS SILK CORPORATION, GREETING:

257

YOU ARE HEREBY NOTIFIED that in a certain cause in equity in the United States District Court for the Southern District of New York, wherein Cheney Brothers is complainant and Doris Silk Corporation is defendant, an appeal has been allowed the plaintiff herein to the United States Circuit Court of Appeals for the Second Circuit from an order of the said District Court denying the plaintiff a preliminary injunction in the said cause.

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YOU ARE HEREBY CITED AND ADMONISHED to be and appear in said Circuit Court of Appeals at thirty days after the date of this citation to show cause, if any there be, why the order appealed from should not be corrected and speedy justice done the parties in that behalf.

WITNESS the Honorable William Bondy, one of the Judges of the United States District Court for the Southern District of New York this 10th day of May, in the year one thousand, nine hundred and twenty-nine.

WM. BONDY,
United States District Judge.

Stipulation Re Contents of Record.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,
Plaintiff.

against

DOEIS SILK CORPORATION,
Defendant.

IT IS HEREBY STIPULATED AND AGREED by and between counsel for the respective parties hereto that the record on appeal from the order of May 8th herein denying plaintiff's motion for a preliminary injunction shall consist of the following:

Bill of Complaint;
Order to Show Cause;
Affidavit of James C. Heckman;
Affidavit of James C. Heckman;
Affidavit of Henry Creange;
Affidavit of Ralph Abercrombie;
Affidavit of Thomas A. Sully;
Affidavit of Lawrence A. Tassi;
Affidavit of James M. Speers;
Affidavit of Harry D. Nims;
Affidavit of Ralph Abercrombie;
Affidavit of Wallace H. Martin;
Affidavit of Leonard J. Bronner;
Affidavit of Lewis Morris;
Affidavit of Dewey Gertler;

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Stipulation Re Contents of Record.

Affidavit of Benjamin Koeh;
 Opinion by Mack, C. J.;
 Order Appealed From;
 Petition for Appeal;
 Order Allowing Appeal;
 Citation;
 Assignment of Errors;
 Stipulation as to Appeal Record;
 Clerk's Certificate,

and

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IT IS FURTHER STIPULATED AND AGREED that the physical exhibits of materials, etc., which were used in the District Court, may be transmitted and used as physical exhibits in the Circuit Court of Appeals for the Second Circuit.

Dated, May 13, 1929.

NIMS & VERDI,
 Attorneys for Plaintiff.

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EPSTEIN & BROTHERS,
 Attorneys for Defendant.

Stipulation.

UNITED STATES DISTRICT COURT,

SOUTHERN DISTRICT OF NEW YORK.

CHENEY BROTHERS,	}
Plaintiff.	
against	

DORIS SILK CORPORATION,	}
Defendant.	

IT IS HEREBY STIPULATED AND AGREED that the foregoing is a true transcript of the record of the said District Court in the above-entitled matter as agreed on by the parties.

Dated, New York, N. Y., June , 1929.

NIMS & VERDI,
Attorneys for Plaintiff-Appellant.

EPSTEIN & BROTHERS,
Attorneys for Defendant-Appellee.

UNITED STATES DISTRICT COURT,

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UNITED STATES OF AMERICA,)
Southern District of New York,) ss.:

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(Seal) ALEX. GILCHRIST, JR.,
Clerk.

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IN THE

United States Circuit Court of Appeals

FOR THE SECOND CIRCUIT.

CHENEY BROTHERS,

Plaintiff-Appellant,

against

DORIS SILK CORPORATION,

Defendant-Respondent.

**BRIEF ON BEHALF OF CHENEY BROTHERS,
PLAINTIFF-APPELLANT.**

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This is an appeal from an order of the United States District Court for the Southern District of New York denying a motion for a preliminary injunction in an unfair competition case. The motion was argued before Judge Mack and on his opinion (Rec. pp. 73-78) an order was entered denying plaintiff's motion. From this order plaintiff appeals.

The Facts.

Both plaintiff and defendant are silk merchants selling silk in the piece to dress manufacturers and dry goods stores. The charge is that defendant is

acting unfairly in selling silk in competition with plaintiff.

Silk dress goods are seasonable fabrics. A new set of designs is created by silk manufacturers for each season. Cheney Brothers is one of the largest silk producers in this country, and is constantly producing new and original designs (Rec. pp. 15, 16) for each season. Most of such designs are valueless after the season for which they are intended has passed. They go out of style. Whatever profit is to be gotten out of one of these designs must be realized from the sales during that season or not at all (Rec. p. 16).

The complaint states that plaintiff develops these designs at a material expenditure of time, labor and expense both here and abroad, where it maintains representatives to obtain such designs; that, in addition to developing these designs, it incorporates them into its silks, places the silks on the market long before it is possible to know whether or not they will be sufficiently popular to even pay the expense involved in creating them and putting them on the market.

Recently it has become a practice of a few silk houses to copy original designs gotten out by competitors. This practice enables the copier to avoid all the expense of creating the design and of experiments with many designs to find the few that catch the popular fancy and can be sold at a profit (Rec. p. 18). The copier waits until he can deal in a sure thing all without expense or effort on his part.

In the winter of 1927-1928, the Paris art director of plaintiff began the development of designs to be manufactured during the summer of 1928 and to be sold during the winter and spring of 1928-1929 for the dresses to be worn in the spring of 1929

(Rec. pp. 16, 17, 26). One of these is the design involved in this litigation (Exhibit A to Complaint). It is known by plaintiff as No. 4488 (Rec. p. 27).

This design was originated by Henry Creange, art director of Cheney Brothers in Paris (Rec. p. 27). It was original with him (Rec. pp. 26, 27). His affidavit states how the design was created. This design, having been produced in Paris, was shipped to plaintiff's factory, accepted, printed on dress silks during the summer of 1928, samples of these silks given to salesmen early in October, 1928, and immediately sales of the silk bearing the design began to be made (Rec. p. 17). The design caught the public's favor and it promised to be the most successful design sold by the plaintiff for this season, and, in fact, one of the most, if not the most, popular design in silk dress goods produced by any concern during the present season (Rec. pp. 19, 28).

Notice on Plaintiff's Goods.

In the past, the plaintiff frequently has suffered damage from the sale of copies of its original designs. To give to the trade notice of the particular designs which plaintiff regards as its original designs, and in which plaintiff desires to retain its rights, plaintiff now causes to be printed on the selvage of such designs a notice calling attention to the fact that these designs are original and that plaintiff reserves all its rights in such designs against its competitors (Rec. pp. 20, 21). The notice on the goods copied by defendant reads as follows: **"Rivulay Silks Washable Rillora Original Design All Rights Reserved Against Competitive Copies."**

The Defendant.

In January, 1929, one of the customers of the plaintiff called its attention to the fact that a copy of its design No. 4488 had appeared on the market, in fabrics of inferior quality, sold at less than the plaintiff's price. This customer stated that the sale of this copy made it impossible for him to continue buying plaintiff's design No. 4488 (Rec. pp. 19, 20, 29).

A customer purchased a sample of this silk made by the defendant (Rec. pp. 19, 20). A part of this silk is Exhibit B to the complaint. It is so closely identical to the design of the plaintiff as to be indistinguishable from it.

Although these two designs seem identical when placed side by side, it is not necessary to use even comparison of the designs to determine that defendant's design is a copy of plaintiff's design. *Defendant has admitted that it copied plaintiff's design.* Defendant's salesman, in urging a customer of plaintiff to buy defendant's goods, stated, not once but several times, that it had copied plaintiff's design (Rec. pp. 34, 35, 36).

Defendant knew of the notice on plaintiff's goods, "You copied it after seeing what was printed on it? Sure, we did. We do it all the time. That stuff is a lot of apple sauce. They can't do a damn thing about it" (Rec. p. 38). See also pages 36, 37.

Damage to Plaintiff.

Plaintiff has been seriously damaged by defendant's acts. It has lost actual business. One order was reduced from 400 dresses to eighty (Rec. p. 29). A dealer in the West did not reorder because of defendant's acts (Rec. pp. 30, 31). Plaintiff's

customers complain that the presence on the market of this cheaper fabric has caused them not to reorder plaintiff's goods (Rec. p. 29).

A customer of plaintiff gives this statement as to damage: "We buy goods from Cheney, make up dresses and sell them to Altman for \$16.25 (or \$16.75), who sells them for about \$25. Then some other house buys the copied goods, makes them up and sells them to others for \$10.50 and they put them in their window at about \$15. And then Altman comes back at us" (Rec. pp. 36, 37).

There Are No Conflicting Questions of Fact.

The plaintiff's design and the defendant's design are before the Court. It only needs a moment's investigation to demonstrate that the defendant must have made his design by copying the plaintiff's. Must have deliberately made use of the work and effort of plaintiff without leave or recompense. To have located the large spots on the background in exactly the same position in relation to each other and the rest of the design, without copying, is humanly impossible.

Then, we have the specific statements of the defendant's salesman made in his efforts to sell these copies of plaintiff's goods to the effect that the defendant copied plaintiff's design and knew of the notice which it bore, namely, "Original Design All Rights Reserved Against Competitive Copies."

Defendant filed no answer before the argument.

Defendant's affidavits do not squarely deny any of the essential propositions of fact involved. The defendant asserts that the affidavits of Tassi and Sully do not correctly state what happened when defendant's salesman attempted to sell these copied goods to plaintiff's customer Mallas. Defendant does not deny *the fact* that representations were

made and that these representations were substantially as set out by plaintiff. Bronner states, "Deponent sold the said silk, Exhibit B, to one of his customers" (Rec. p. 63).

Defendant attempts to destroy the effect of these affidavits by asserting that Morris, one of its salesmen, had no authority to bind the defendant. This statement should be contrasted with that of Bronner's affidavit (Rec. p. 62), where it is stated that Morris was authorized to show samples to Mallas and "to take any orders which Mr. Mallas might give." It is unnecessary to argue that such a salesman, selling goods, was within his authority in making representations regarding the goods which he was selling.

Defendant attempts to destroy the effect of plaintiff's notice by stating, "Deponent, moreover, denies *that at the time that the defendant first manufactured and sold the silk* annexed to the complaint, marked Exhibit B, that it had any knowledge or notice, either actual or constructive, of the fact that the plaintiff was manufacturing a similar design."

This is no answer to the fact shown by the papers that certainly later defendant actually offered said silk for sale after it admitted that it knew of this notice (Plaintiff's affidavit, Rec. pp. 37, 38).

Defendant ignores the statements in Abercrombie's affidavit (Rec. pp. 30-32 *et seq.*) of plaintiff's loss of business of Schlesinger, of Oakland, California, a most serious loss to plaintiff.

Defendant's affidavits in a half hearted way challenge the accuracy of the two young law students who were present when defendant's salesman offered the copied goods. Gertler denies that Sully's affidavit is "a true and correct statement of what occurred." Such a denial could be made of the most authentic possible statement by a witness of any conversation to which he had listened, for

an absolutely true and correct statement of a conversation from memory is a human impossibility. The defendant does not deny that the statements of these young men as to the substance of what occurred is true and accurate.

Defendant's affidavits, therefore, do not change the facts upon which the motion was based. Consequently this appeal resolves itself to a question of law as to whether or not the methods pursued by the defendant are fair or unfair competition.

Argument.

The legal principle on which this motion is based is not new. It is but a practical modern application of the doctrine of unjust enrichment, by which restitution is required from a "defendant who is trying to enrich himself *unconscionably* at the expense of the plaintiff" (Ames' Lect. Legal Hist., p. 234). It has been applied, for instance, in cases protecting rights in news collected by news agencies (*International News Co. v. Asso. Press*, 248 U. S. 215). This case arose on a motion *pendente lite* brought in this Circuit to prevent the International News Co. from copying news items posted by newspapers on bulletin boards in this city and selling such items in the West as news. Except that one case deals with *news* and the other with *designs*, that case and this seem identical. We respectfully ask that the Court refer to Judge Pitney's opinion in that case as the best statement of the doctrines here involved.

In brief, that case holds:

(1) It is a case of unfair competition (248 U. S., at p. 235).

(2) It does not involve the rights of plaintiff or defendant in the design *as against the public*, but *only against each other as competitors*.

(3) As between these two competitors, the ~~news~~ news must be regarded as quasi property, irrespective of publication of it to the public (248 U. S., at p. 236).

(5) To take "material that has been acquired by complainant as the result of organization and the expenditure of labor, skill and money, and which is salable by complainant for money * * * and selling it as its own is endeavoring to reap where it has not sown * * * is unfair competition in business" (248 U. S., at p. 239).

(6) This "process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not" (248 U. S., p. 240).

(7) Equity has jurisdiction because "the right to acquire property by honest labor or the conduct of a lawful business is as much entitled to protection as the right to guard property already acquired" (248 U. S., p. 236).

(8) "Defendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization, and the expenditure of labor, skill and money, and which is salable by complainant for money, and that defendant, in appropriating it and selling it as its own, is endeavoring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant's members is appro-

priating to itself the harvest of those who have sown" (248 U. S., at pp. 239-240).

(9) Plaintiff was not "foreclosed by showing that the benefits of the copyright act have been waived. We are dealing here, not with restrictions upon publication but with the very facilities and processes of publication. The peculiar value of news is in the spreading of it while it is fresh; and it is evident that a valuable property interest in the news, as news, cannot be maintained by keeping it secret. Besides, except for matters improperly discussed or published in breach of trust or confidence, or in violation of law, none of which is involved in this branch of the case, the news of current events may be regarded as common property. What we are concerned with is the business of making it known to the world in which both parties to the present suit are engaged" (248 U. S., at p. 235).

If in the place of the word "news" in this paragraph, the word "design" were substituted, this statement would read:

We are dealing here not with restrictions upon publication but with the very facilities and processes of publication. The peculiar value of *a design* is in the spreading of it while it is fresh; and it is evident that a valuable property interest in *a design*, as *a design*, cannot be maintained by keeping it secret. Besides, except for matters improperly disclosed, or published in breach of trust or confidence, or in violation of law, none of which is involved in this branch of the case, *a design* (the news of current events) may be regarded as common property. What we are concerned with is the business of making it known to the

world, in which both parties to the present suit are engaged.

(10) After stating that being competitors "Each party is under a duty so to conduct its own business as not unnecessarily or unfairly to injure that of the other" (pp. 235-236), Judge Pitney says: "Obviously, the question of what is unfair competition in business must be determined with particular reference to the character and circumstances of the business. The question here is not so much the rights of either party as against the public but their rights as between themselves" (218 U. S., p. 236).

(11) And then turning to "news" as the matter with which the Court had to do in that case, he continued: "Regarding the news, therefore, as but the material out of which both parties are seeking to make profits at the same time and in the same field, we hardly can fail to recognize that for this purpose, and as between them, it must be regarded as quasi property, irrespective of the rights of either as against the public. * * *. And the right to acquire property by honest labor or the conduct of a lawful business is as much entitled to protection as the right to guard property already acquired. *Truax v. Raich*, 239 U. S. 33, 37-38; *Brennan v. United Hatters*, 73 N. J. L. 729, 742; *Barr v. Essex Trades Council*, 53 N. J. Eq. 101. It is this right that furnishes the basis of jurisdiction in the ordinary case of unfair competition" (218 U. S., pp. 236-237).

(12) The Court refers to the argument that after the plaintiff has published its news "that when it thus reaches the light of day it becomes the common possession of all to whom it is accessible" (p. 239), and proceeds to lay down the principle

upon which the decision in the case turned: "The fault in the reasoning lies in applying as a test the right of the complainant as against the public, instead of considering the rights of complainant and defendant, competitors in business, as between themselves.

"The right of the purchaser of a single newspaper to spread knowledge of its contents gratuitously, for any legitimate purpose not unreasonably interfering with complainant's right to make merchandise of it, may be admitted; but to transmit that news for commercial use, in competition with complainant—which is what defendant has done and seeks to justify—is a very different matter. In doing this defendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization and the expenditure of labor, skill, and money, and which is salable by complainant for money, and that defendant in appropriating it and selling it as its own is endeavoring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant's members is appropriating to itself the harvest of those who have sown. Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news. The transaction speaks for itself, and a court of equity ought not to hesitate long in characterizing it as unfair competition in business.

"The underlying principle is much the same as that which lies at the base of the equitable theory

of consideration in the law of trusts—that he who has fairly paid the price should have the beneficial use of the property. (Pom. Eq. Jur., Sec. 981. It is no answer to say that complainant spends its money for that which is too fugitive or evanescent to be the subject of property. That might, and for the purposes of the discussion we are assuming that it would, furnish an answer in a common-law controversy. But in a court of equity, where the question is one of unfair competition, if that which complainant has acquired fairly at substantial cost may be sold fairly at substantial profit, a competitor who is misappropriating it for the purpose of disposing of it to his own profit and to the disadvantage of complainant cannot be heard to say that it is too fugitive or evanescent to be regarded as property. It has all the attributes of property necessary for determining that a misappropriation of it by a competitor is unfair competition because contrary to good conscience.

"The contention that the news is abandoned to the public for all purposes when published in the first newspaper is untenable. Abandonment is a question of intent, and the entire organization of the Associated Press negatives such a purpose" (248 U. S., at pp. 239-240).

FINAL ORDER IN THE ASSOCIATED PRESS CASE

The final decree in the *Associated Press* case, entered in the District Court, after the decision of the Supreme Court, reads as follows:

"ORDERED, ADJUDGED AND DECREED that the defendant, its officers, agents, servants, employees, assigns, successors and successors, and each of them and all other persons acting for them or any or other of them, and all persons aiding or abetting them or any of them, and all persons whosoever, though not named herein, be and lawfully are perpetually enjoined and restrained,

"from publishing, procuring or permitting any telegraph editors or other employees or agents of the complainant or any of its members, or of any newspaper or newspaper owned or

Other cases which have applied the doctrines here involved:

Hunt v. N. Y. Cotton Exchange, 205 U. S. 322-333.

Board of Trade v. Christie, 198 U. S. 236-250.

Board of Trade v. Kinsey, 130 Fed. 507-513 (C. C. A., 7th Cir.).

Board of Trade v. Tucker, 221 Fed. 305 (C. C. A., 2nd Cir.).

Int. Telegraph News Co. v. Western Union Tel. Co., 119 Fed. 294 (C. C. A., 7th Cir.).

Board of Trade v. McDermott, 143 Fed. 188 (C. C. W. D. Mo.).

represented by them or any of them, or any such members, to communicate to defendant or to permit defendant to take or appropriate for consideration or otherwise, any news received from or gathered for complainant, and from purchasing, receiving, selling, transmitting, or using any news so obtained.

"(b) From inducing or procuring, directly or indirectly, any of complainant's members or any of the newspapers represented by them to violate any of the agreements fixed by the Charter and By Laws of the complainant.

"(c) From copying, obtaining, taking, selling, transmitting or otherwise gainfully using, or from causing to be copied, obtained, taken, sold, transmitted or otherwise gainfully used the complainant's news, either bodily or in substance, from bulletins issued by the complainant or any of its members, or from editions of newspapers published by any of complainant's members, until its commercial value as news to the complainant and all of its members has passed away.

"And the complainant having offered to submit to a like injunction to that contained in subdivision (c) *supra*, it is

"ORDERED that the complainant be and hereby is permanently enjoined from copying, obtaining, taking, selling, transmitting or otherwise gainfully using, or from causing to be copied, obtained, taken, sold, transmitted, or otherwise gainfully used the defendant's news, either bodily or in substance, from bulletins issued by the defendant, or any of its customers, or from editions of newspapers published by any of defendant's customers until its commercial value as news to the defendant and all of its customers has passed away.

"FURTHER ORDERED, ADJUDGED AND DECREED that the plaintiff recover from the defendant its costs herein to be taxed by the Clerk."

Board of Trade v. Hadden-Krull, 109 Fed. 705 (C. C. E. D. Wis.).

(The last two cases were approved by C. C. A., 6th Cir., Lurton, J., in *John D. Park v. Hartman*, 153 Fed. 24-31. In this case Lurton, J., likened property rights in news to trademarks.)

Prest-O-Lite v. Davis, 209 Fed. 917.

Board of Trade v. Cella, 145 Fed. 28 (C. C. A., 8th Cir.).

Dodge v. Construction Co., 183 Mass. 66.

Kiernan v. Manhattan Co., 50 How. Pr. 191-196-198.

Exchange Co. v. Howard, 22 T. L. Rep. 375.

Same v. Gregory (1896), 1 Q. B. 147.

Same v. Central News (1897), 2 Ch. 48.

Cor v. Land & Water Co., L. R. 9 Eq. 324; 21 L. T. N. S. 548.

The performance of a play, regardless of how publicly it is performed, is not a dedication for the purpose of producing it from memory. *Bouchéault v. Fox*, 5 Blatch. 87, Fed. Cas. No. 1691; *Bouchéault v. Hart*, 13 Blatch. 47, Fed. Cas. No. 1692; *Croce v. Aiken*, 2 Biss. 215, Fed. Cas. No. 3441; *Universal Film Co. v. Coppersman*, 218 Fed. 577; *Ferris v. Frohman*, 223 U. S. 424.

The same is true of the delivery of lectures. *Drummond v. Allentus*, 60 Fed. 338; *Aburnethy v. Hutchinson*, 3 L. J. Ch. 209; *Bartolotta v. Crittenden*, 4 McLean 309, Fed. Cas. No. 1082, 5 McLean 32, Fed. Cas. No. 1076; *Nicols v. Pitman* (1884, L. R. 26 Ch. Div. 374); *Caird v. Sims*, L. R. 12 App. Cas. 326.

It is also true of the exhibition of pictures. *Wreckmaster v. Am. Lith. Co.*, 134 Fed. 321 (aff'd

207 U. S. 299) ; *Turner v. Robinson*, 10 Ir. Eq. Rep. 121.

"These cases clearly sustain the doctrine that a man may impress upon materials, which are open to all the world, a right of property when he has, as a result of his own efforts and expenditure, collected and reduced to a form serviceable to the public such material." Van Brunt, J., in *Kiernan v. Manhattan Co.*, 50 How. Pr. 194, 198, 1876, after summarizing various English cases.

"The great value of complainant's business lies in the interchangeability of its tanks. This quality the complainant has created. It is his, and no one has the right to appropriate it for his own gain to the detriment and even destruction of complainant's business. * * * Defendants' wrong (lies) in using them to destroy the complainant's business system." This was said of the Prest-O-Lite tank system, *Prest-O-Lite v. Davis*, 209 Fed. 917, 924.

Holmes, J., said of news quotations: "It stands like a trade secret. The plaintiff has the right to keep the work which it has done, or paid for doing, to itself. The fact that others might do similar work, if they might, does not authorize them to steal the plaintiff's." *Board of Trade v. Christis*, 198 U. S. 236-250.

"It would be an atrocious doctrine to hold that dispatches, the result of the diligence and expenditure of one man, could with impunity be pilfered and published by another." Van Brunt, J., in *Kiernan v. Manhattan Co.*, 50 How. Pr. 194.

No Difference Between News and Designs.

Do commercial designs so greatly differ from news, from ticker reports, and from stock quotations as to bar the Court from applying to them the same general equitable principles?

The press agency expends time, effort, skill and ingenuity to collect a mass of data from which a part is taken and sold as news. The collection of the whole is necessary to make possible the sale of the desirable part.

The silk merchant, by the expenditure of similar efforts, creates many designs each season, of which some are taken and some are left. A few, only, are commercially successful. The creation of the many is necessary to produce the few successful ones.

News, stock quotations, market reports, information sent over a ticker service, are valuable and salable, and from their sale large profits may be realized, but only provided such sale can be made without interference during the short period during which this information is marketable because it is fresh and new.

Textiles, especially those sold by concerns known as creators of artistic and fashionable designs, when these fabrics carry new designs become highly desirable and salable, but only for the brief period or season during which they are intended.

News, market reports and similar data have no value whatever if never divulged. They are salable only when made known publicly.

A textile design is of no value to a silk merchant unless it be embodied in his silks and offered for sale.

"News is valuable only while it is fresh and novel, yet it cannot be sold at a profit except through a process occupying a good deal of time" (248 U. S., at p. 238).

Textile designs are valuable only because of their novelty and freshness and their distribution occupies a good deal of time. If the one who gathers the news or creates the design is to receive reason-

able reward for his efforts, his rights must be protected from the pirate for a sufficient period to cover this process of distribution.

The Associated Press case regards news not as an invention or as a literary creation, but as a result of the expense, labor and effort of plaintiff. There was no element of originality involved—no invention. The basis of the action, there, is quite apart from a suit on copyright or patent, both of which depend solely on originality. Behind the Press case is the great fundamental doctrine that fair competition does not permit one man to use, without recompense, the labor and effort of another, if the two are in competition.

Against the general public, the Court acts on the basis of protecting the creative genius of the creator.

Against the competitor, it acts on the basis of the wrong of the defendant, in using his rival's own work and labor to defeat and ruin him. On this basis, we ask relief.

Is it a defense to the action, as defendant argues, that plaintiff *could* have copyrighted its design and did not, or *could* have gotten a design patent, and did not?

This question was considered and answered in the *Press* case, where the Court said (248 U. S. 235) (italics ours):

" * * * it seems to us the case must turn upon the question of unfair competition. And, in our opinion, this does not depend upon any general right of property analogous to the common law right of a proprietor of an unpublished work to prevent its publication without his consent; *nor is it foreclosed by showing that the benefits of the Copyright Act have been waived.*"

The same reasoning applies with equal force to the argument that plaintiff could have gotten a design patent. The basis of the decision in the *Press* case was *unfair interference by defendant with plaintiff's distribution of its merchandise* (i. e., news). The case at bar, like the *Press* case, is not based on design patent or copyright, but on unfair competition which consists of defendant's unfair interference with plaintiff's distribution of its merchandise (i. e., silk dress goods).

In addition, it is clear from the following that neither the copyright act nor the design patent statute afford any adequate protection.

The Copyright Act Affords Plaintiff No Adequate Protection.

The record contains (p. 48) a letter from the Register of Copyrights stating that commercial designs are not copyrightable under the present act.

The rules and regulations of the Copyright Office state:

"12 (c) Works of art and models or designs for works of art. This term includes all works belonging fairly to the so called fine arts—(Paintings, drawings, and sculpture.)

The protection of productions of the industrial arts, utilitarian in purpose and character even if artistically made or ornamented depends upon action under the patent law; but registration in the Copyright Office has been made to protect artistic drawings notwithstanding they may afterwards be utilized for articles of manufacture.

Toys, games, dolls, advertising novelties, instruments or tools of any kind, glassware, embroideries, garments, laces, woven fabrics, or similar articles, are examples. *The ex-*

clusive right to make and sell such articles should not be sought by copyright registration." (Italics ours.)

As a commercial design is not copyrightable under the present act, the following from Mr. Drone's book is in point: "As the owner of any work has by the common law an exclusive right to publish it, and that right is not lost after publication by virtue of the common law, but is taken away solely by operation of the statute, it is obvious that, if no statute has been passed, the force of the common law will not be annulled. It is equally true that, when a statute is passed to regulate copyright in a certain class of works, it may destroy the common law right after publication in any work embraced within its operation, but not in one of a different class to which the statute does not apply. Thus, the statute of Anne (8 Anne, C. 19) related exclusively to books. It did not apply to works of art, and hence could not take away or change the owner's common law rights in such works. But the statutes since passed regulating the copyright in paintings and works of sculpture will doubtless be held to have the same effect on the common law property in such productions as the statute of Anne has in the case of books. So, also, the act of Anne regulated only the right of printing books. Hence, it could not properly be construed to take away the exclusive right of the author at common law publicly to perform his unprinted plays. But the 3 & 4 Will. IV, c. 15, which regulates playwright, may be held to annul the corresponding common law right.

"The second test to be applied in determining whether the common law right is destroyed by publication is, whether the work has been published within the meaning of the statute. The statute

does not apply to a work not so published, and hence can have no effect on the common law rights therein" (p. 118, Drone on Copyright).

The rule thus laid down by Mr. Drone was that applied in *Kiernan v. Manhattan Co.*, 50 How. Pr. 194, where the material involved was not books but foreign financial news, and the Court held that this was not within *Wheaton v. Peters* or the doctrine of *Donaldson v. Becket* because *it was not covered by the statute*. Kiernan asked for an injunction on the ground of an invasion of his common law property, which property was not covered by the copyright statute. The injunction was granted, and it was held that the telegraphing by Kiernan of this news to customers and the sending it out on ticker tape was not publication.

The application of these authorities to the plaintiff's designs is obvious. The existing Copyright Law has been extended to include many things besides books, *but it has not been extended to include industrial designs*. Such designs cannot be copyrighted in this country to-day. Therefore, rights of the owner of such designs are confined to his common law rights, and hence the defense raised by this defendant that the plaintiff should have copyrighted his design would not be any answer to plaintiff's case, even if the *Press* case had not decided that failure to take advantage of a right under the Copyright Law was no bar to relief.

**The Design Patent Act (U. S. Rev. Stat.,
Sec. 1929) Affords Plaintiff No
Adequate Protection.**

This act provides protection of "new, original and ornamental design for an article of manufacture not known or used by others in this country

before his invention thereof." As a practical matter, the Design Patent Act affords no protection at all for seasonal textile designs. The Design Act covers only designs which are "new" and "original," not merely in the textile field, but in *every* field. A textile design may be entirely "original" and "new" as applied to dress silks, yet it may have been used before on automobile hubs or sewing machine legs, and thus not be "original" in the patent sense and, therefore, not within the Design Patent Act, and so far as the Act goes, the owner is remediless against piracy.

In *Charles Boldt Co. v. Turner Bros. Co.*, 199 Fed. 139-141, C. C. A., 7th Cir., Kohlsaat, C. J., cited *Northrup v. Adams*, Fed. Cas. No. 10,328, in which Mr. Justice Brown, then on the District bench, said that the Design Patent Law did "not materially differ from that in cases of mechanical patents, * * *" and that "to entitle a person to the benefit of the act, in either case, *there must be originality and the exercise of the inventive faculty* * * * *there must be something akin to genius*—an effort of the brain as well as the hand. The adaptation of old devices or forms to new purposes, however convenient, useful or beautiful they may be in their new role, is not invention." (Italics writers'.)

"To entitle an inventor to the benefit of a design patent there must be originality, the inventive faculty must be exercised. Mere mechanical skill is not enough. (Citing cases.) The test for invention is the same for design as for mechanical patents. *Strause, etc., v. Crane Co.*, 235 Fed., at 126. * * *

"Mere change in construction, displaying no originality and no added beauty, cannot be the subject of a design patent. * * * The rules of interpreta-

tion are not different from those regulating other patents * * *," Hough J., in *Dictz Co. v. Burr*, 213 Fed. 592-593-594.

In *Roue v. Blodgett*, 112 Fed. 61, C. C. A., 2nd Cir., it was said: "There must be originality and beauty."

In the statements quoted below the design patent law has been officially recognized by the Commissioner of Patents as "slow," "somewhat expensive," and as being so long a process that the "popularity of a design often wanes and sometimes entirely disappears while the applicant is seeking his patent protection."

In a memorandum prepared by the Commissioner of Patents for Secretary Hoover and found in "Hearings before the Commissioner of Patents, the House of Representatives, Sixty ninth Congress, on H. R. 6249," page 98, it is stated that: "For a number of years, manufacturers have been seeking some method of obtaining protection from piracy of their designs other than that afforded by the design patent law. Under the latter, the proceedings are necessarily slow and somewhat expensive, since a search must be made through prior patents, publications, etc., to ascertain whether the design involves invention. In order to avoid the delay and expense, manufacturers are seeking some manner of protecting their designs which is immediate or almost automatic and is inexpensive. The proposed bill affords such advantages. And these advantages are real, since the popularity of a design often wanes and sometimes entirely disappears while an applicant is seeking his patent protection."

In these hearings the Commissioner further said: "There has been so much opposition found to our design patent law as being ineffective, and there

has been so much demand on the part of manufacturers to give them protection from pirating, that I think it would be well, indeed I think it would be advisable, to try this law out and see if we cannot give the honest manufacturer protection from the one who is continually pirating his goods * * *. I am aware of the fact that it is quite common to duplicate the patterns of silks, and even the patterns of scarfs; and, oh, I suppose probably patterns are also imitated, too. I cannot see why they should not be protected when they have a new and original design in a pattern" (p. 137).

The existence of the Design Patent Law is urged as a reason for denying relief to plaintiff. Practically the same argument was raised in the *News* case because of the existence of the Copyright Law. The Court discussed this question (248 U. S., pp. 231-235), and held that, while news might be copyrighted, "as the newspapers of the day bear witness, * * * it seems to us the case must turn upon the question of unfair competition in business. * * * We are dealing here, not with restrictions upon publication, but with the very facilities and processes of publication. The peculiar value of news is in the spreading of it while it is fresh, and it is evident that a valuable property interest in the news, as news, cannot be maintained by keeping it secret. * * * What we are concerned with is the business of making it known to the world in which both parties to the present suit are engaged" (248 U. S., at p. 235).

This statement seems squarely to apply to the relation between the commercial design and the Design Patent Law.

The Supreme Court in the *Associated Press* case pointed out that news is "a report of matters that ordinarily are *publici juris*; it is the history of

the day. It is not to be supposed that the framers of the Constitution, when they empowered Congress 'to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries' (Const., Art. I, Sec. 8, par. 8), intended to confer upon one who might happen to be the first to report a historic event the exclusive right for any period to spread the knowledge of it" (248 U. S., p. 234). This quotation immediately follows the statement that the question at issue was one of unfair competition.

It is difficult to see how this statement is not just as applicable to a commercial design as it is to a news despatch. The wrong is not in the copying; the wrong is in making use of the copy for competitive purposes in a manner which our law has long regarded as unfair and wrong. Reaping where one has not sown using results of the work, brains and efforts of one's rival as a club to purloin that rival's business has long been abhorrent to our sense of justice. The cases cited in this memorandum are but expressions of that abhorrence. It does not consort with our idea of fair play that a merchant should sit idly by and watch his rival spend labor, skill and money to develop something which proves to be highly desirable to the public (and so profitable to him), and then, when its success is assured, step in and appropriate the benefits thereof to himself.

Underneath all the cases we have cited lies this fundamental proposition. We submit it underlies the relations between the plaintiff and the defendant in this present case.

This case involves no question of design patents or copyright. No technical problems. It involves a question of honesty and fair play, of unfair competition as between two rival merchants, in the sale of silk dress goods.

Public Interest.

We believe that it does not accord with public interest that the rule of competition represented by the defendant's methods should receive the approval of this Court. It is not to the public interest that the activities of merchants who are willing to strive to improve the character and artistic merit of American goods, should be limited and measured by the activities of the copier.

Mr. Robert W. DeForest, head of the Metropolitan Museum of Art, in the New York Tribune of February 5, 1929, said: "Much as I am interested in bringing art to the Museum, I am more interested in bringing good art into the home. There is just as much art in furniture coverings and table covers as there is in painting and statuary." This statement he made to a Dry Goods Association, and urged its co-operation.

As was said by Grosscup, J., in *National Tel. News Co. v. Western Union Tel. Co.*, 119 Fed. 294 (C. C. A., 7th Cir.):

"It is obvious, also, that if appellants may lawfully appropriate the product thus expensively put upon the appellee's tape, and distribute the same instantaneously to their own patrons, as their own product, thus escaping any expense of collection, but one result could follow - the gathering and distributing of news, as a business enterprise, would cease altogether. * * * And in the withdrawal of appellee from this business, there would come death to the business of appellants as well; for without the use of appellee's tape, appellants would have nothing to distribute. The parasite that killed, would itself be killed, and the public would be left without any service at any price."

So in the present case, if defendant is permitted to copy plaintiff's designs for the current season as soon as they are produced, the plaintiff and other silk manufacturers would cease to have any incentive to expend effort and money in the production of new and attractive designs.

The Opinion of the Court Below.

The Court below stated in its opinion (Rec. p. 73): "The right sought to be protected is the exclusive right to sell goods bearing a design alleged to have been originated by plaintiff." This states the plaintiff's claim too broadly. Plaintiff does not claim exclusive rights in its design; it does claim an exclusive right to benefit from the novelty of the design during the current season. Plaintiff does not seek to prevent the general public or this defendant from copying this design, but only to be protected against unfair use by a competitor.

The Court further states (Rec. p. 74): "It would seem to be perfectly clear that if the design is an original one, plaintiff could and ordinarily should seek the protection given by the design patent law." This statement, we submit, is contrary in principle to the decision in the *Press* case where the Court said, in connection with copyright: "Nor is it foreclosed by showing that the benefits of the copyright act have been waived" (248 U. S. 235). If these designs were produced for permanent use and plaintiff wished to be protected against their being copied for as long a time as possible, the Design Patent Act would be the appropriate method of protection, but these designs are novelties and are produced to sell the goods during the current season, after which they have little or no value. Plaintiff produces from 200 to 500 designs for each season (Rec.

p. 16), and not more than 10 per cent. of these achieve exceptional popularity (Rec. p. 16). It is obviously impracticable for plaintiff to attempt to obtain design patents on all of these designs, aside from the heavy expense and waste of money that would be involved.

The Court below lays emphasis on the fact that the design involved in this case was developed during the winter of 1927-1928 to be manufactured during the summer of 1928 and sold during the winter and spring of 1928-1929 (Rec. p. 75), and intimates that there would have been sufficient time to secure a design patent before the design came to the attention of competitors. How is it possible to tell in advance how much time it is going to take to secure a design patent? There may be oppositions or contests in the Patent Office, or the design may be held not to be original in the strict sense, i. e., it may have been used before on automobiles although never before on silks. It is obviously impracticable for the plaintiff or any other manufacturer dealing in goods with seasonable designs to conduct its business on the basis of obtaining design patents. Plaintiff's position is that irrespective of any possible protection under the Design Patent Law or the Copyright Act, it is entitled to the protection of a court of equity against unfair acts by competitors in connection with the marketing of the plaintiff's merchandise, whether these unfair acts be the copying of designs on goods, or acts of any other character, which prevent plaintiff from realizing the benefits of its work and labor, and enable the defendant to reap where it has not sown.

The Court below refers to the *Associated Press* case (Rec. fols. 227-231, pp. 76, 77) and holds that the principle in that case does not cover this case, because plaintiff may have some protection under

the patent law, and further that even if the patent law is inadequate, the remedy is in new legislation. This, it seems to us, entirely overlooks the basis of the decision in the *Press* case, which was that irrespective of any possibility of protection under the Copyright Law, the plaintiff was entitled to relief in a court of equity. As the Court said in that case (248 U. S. 240):

"It is no answer to say that complainant spends its money for that which is too fugitive or evanescent to be the subject of property. That might, and for the purposes of discussion we are assuming that it would, furnish an answer in a common law controversy, but in a Court of Equity, where the question is one of unfair competition, if that which complainant has acquired fairly at substantial cost may be sold fairly at substantial profit, a competitor who is misappropriating it for the purpose of disposing of it to his own profit and to the disadvantage of complainant cannot be heard to say that it is too fugitive or evanescent to be regarded as property. It has all the attributes of property necessary for determining that a misappropriation of it by a competitor is unfair competition because contrary to good conscience."

So in the present case, although plaintiff has secured no copyright nor obtained any design patent, and even if we assume for the purposes of this discussion that plaintiff has not any general property right analogous to the common law right of a proprietor of an unpublished work, that only leads to the conclusion that at *law* the general public, including the defendant, has a *legal* right to copy the design. It does not follow, however, that defendant can exercise this legal right in such a manner and under such circumstances as to appro-

priate to himself and deprive plaintiff of the benefit of realizing a profit on its work during the only period when a profit can be realized. That, we submit, is an unconscionable use of a legal right and amounts to unjust enrichment of the defendant. Courts of equity have always been at pains to prevent unconscionable conduct of this character, even where the defendant is acting in pursuance of a common law right which under ordinary circumstances would not be interfered with.

Thus in *McCormick v. Grogan* (L. R. 4 H. L. 82, 97), Lord Westbury said:

"The court of equity has, from a very early period, decided that even an act of Parliament shall not be used as an instrument of fraud, and if in the machinery for perpetrating a fraud an act of Parliament intervenes, the court of equity, it is true, does not set aside the act of Parliament, but it fastens on the individual who gets a title under that act and imposes upon him a personal obligation because he applies the act as an instrument for accomplishing a fraud. In this way the court of equity has dealt with the statute of wills and the statute of frauds."

Pomeroy, in his book on *Equity Jurisprudence* (3rd Ed.), Sec. 430, comments as follows on the above case:

"Although Lord Westbury here speaks only of a case where the equitable rights of one person arose from the fraud of another who had thereby attained the legal estate, yet the principle applies, whatever the ground and occasion of the equitable interests and claims which are asserted in opposition to the one having the legal title."

He cites *Greaves v. Toland* (1879), L. R. 14 Ch. Div. 563, in which it was held that two life annuities with which certain land was charged were valid as against a subsequent purchaser who took with notice of them, even though these annuities had not been registered as was required by statute. The same question was discussed in *Le Vee v. Le Vee*, 1 Ves. Sen. 64, 66, where Lord Hardwicke held:

"The act does not say that a subsequent purchaser shall be affected with no equity whatsoever, therefore, though its manifest operation is to vest the legal estate according to the prior registry, yet it is left open to all equity. * * * It were strange that a conveyance in such a form should exclude any equity, which would give an opportunity to take advantage of having the legal estate to commit fraud"

In *Meyer v. Hurwitz*, 5 Fed. 2nd 370 (D. C., E. D. Pa.), a manufacturer of picture postcards had built up a business of selling uncopyrighted picture postcards through coin-operated vending machines. Defendant made and sold similar cards at lower prices to dealers to be sold through plaintiff's machines, notwithstanding that these dealers did not contract to use plaintiff's cards exclusively in the machines. The Court held that although plaintiff's cards were uncopyrighted and although there was no passing off of defendant's cards as and for plaintiff's, nevertheless the defendant's scheme was contrary to equity and good conscience and would be enjoined. Thompson, D. J., said (p. 371):

"So far as the defendant's dealings with the plaintiff's distributors are concerned, it is apparent that the facts above stated do not constitute a case of unfair competition under the rule as to passing off, because he

has not attempted to represent to the plaintiff's customers that his cards were those of the plaintiff, and hence, in so far as his dealings with the plaintiff's customers are concerned, he cannot be held to have passed off his cards as those of the plaintiff. The plaintiff's machines are not sold under a contract to use exclusively the plaintiff's cards and the cards are not protected by a copyright. The defendant, nevertheless, is, contrary to equity and good conscience, appropriating to himself the system and organization which the plaintiff, through many years of expenditure of effort and money has built up. His copying of the plaintiff's uncopyrighted cards, unassociated with other acts, cannot be restrained. *Bamforth v. Douglass Post Card & Machine Co.*, (C. C.), 158 F. 355. Neither can he be restrained from competing with the plaintiff in the business of selling coin-operated machines and cards for the purpose of carrying on the same business which is now being carried on by the plaintiff. But after the plaintiff has, through years of effort and expenditure, built up a system and organized a business, the defendant may not, by associating therewith a right which is not denied him, that of imitating the plaintiff's uncopyrighted cards, appropriate to himself the plaintiff's system and organization for the purpose of underselling him and appropriating to himself profits to which the plaintiff through his efforts, expenditures, and industry is entitled.

Without going into a general discussion of the authorities, I think this conclusion is supported by a line of cases which, while distinguishing a situation like the one before us from the ordinary unfair competition case where the element of passing off is present, yet maintain the power of a court of equity to restrain such unfair practices.

Board of Trade v. Christie Grain & Stock Co., 198 U. S. 236, 25 S. Ct. 637, 49 L. Ed. 1631; Fonotipia v. Bradley (C. C.), 171 F. 951; National Tel. News Co. et al. v. Western Union Tel. Co., 119 F. 291, 56 C. C. A. 498, 60 L. R. A. 805; Illinois Commission Co. et al. v. Cleveland Tel. Co. et al., 119 F. 301, 56 C. C. A. 206; Bitterman v. Louisville & Nashville Railroad Co., 207 U. S. 205, 28 S. Ct. 91, 52 L. Ed. 171, 12 Ann. Cas. 693."

On appeal, the above decision was affirmed. *Hurwitz v. Meuer*, 10 Fed. (2nd) 1019 (C. C. A., 3rd Cir.).

Applying the principle of this decision to the present case, even though defendant cannot be restrained from copying plaintiff's uncopyrighted designs unassociated with other acts nor be restrained from selling silks in competition with the plaintiff, this defendant can be restrained from copying plaintiff's designs in silks so sold in competition during the current season, thereby appropriating to the defendant "profits to which the plaintiff through his efforts, expenditures and industry is entitled."

In the *Press* case the defendant was copying plaintiff's bulletins, in some cases bodily and in other cases rewriting them; and it may be that the Copyright Law would not cover the cases where the defendant had rewritten the substance of plaintiff's bulletins (see *Lucas v. Barris*, 209 Fed. 53, aff'd C. C. A., 2nd Cir., 219 Fed. 178).

From this the Court below may have concluded that the aid of a court of equity was necessary to cover the cases where defendant had not literally copied plaintiff's bulletins. But this line of reasoning would lead to the conclusion that the Supreme Court should not have enjoined the defendant in those cases where plaintiff would have been pro-

ected by a copyright, viz., cases where defendant had bodily copied the plaintiff's bulletins; however, the Supreme Court's decision covered all cases.

The Court below also intimated that in the *Press* case it was impracticable to obtain a copyright. He says (fol. 228, p. 76): "As news it was necessarily valueless before registration could be made." This implies that the Court thought that the news bulletins would have to be registered in the Copyright Office before they could be published. That, we submit, is not necessary. The Copyright Act, Sections 9, 12, provides that upon publication with notice of copyright, there be promptly deposited or mailed to the Register of Copyrights two copies of the best edition, and it would have been quite possible and practicable for the Associated Press to have so mailed copies of its bulletins.

After considering the *Associated Press* case, the Court below holds that it does not apply to the present case on the ground that plaintiff could have secured protection under the Design Patent Law. To the argument that the design patent laws give protection only if the design is strictly original, the Court below replies that in so far as Congress has failed to give protection to designs which are original in a secondary sense, as, for example, automobile designs which had never before been used on silks, plaintiff is without a remedy. The same reasoning, if applied in the *Associated Press* case, would have denied the plaintiff a remedy in those cases where the defendant had not bodily copied plaintiff's bulletins, on the ground that Congress had failed to give any statutory copyright protection in cases where news had not been bodily copied but rewritten. And so far as the practicability of seeking protection under the statute in the two cases is concerned, it is much simpler to

mail copies of a bulletin to the Copyright Office, where nothing is to be done by the Register of Copyrights except to file the bulletin, than to apply for a design patent, where the Commissioner must decide whether to grant the patent or not, and where it is impossible to tell how long it will take to get a patent granted.

The Court below referred to what it termed the "most unusual situation" in the *Associated Press* case, implying that application of the doctrine of this case should be restricted to these peculiar facts. The *Associated Press* case has been cited in numerous cases utterly different as to facts. For example, in *Coca-Cola Co. v. Old Dominion Beverage Corp.*, 271 Fed. 600, brought to restrain use of a mark similar to the Coca Cola mark, the Fourth Circuit Court of Appeals held that

"... even if there is no attempt by defendant to palm off its goods as those of plaintiff, does it necessarily follow that defendant is not unfairly competing? The right to equitable relief is not confined to cases in which one man is selling his goods as those of another. *International News Service v. Associated Press*, 248 U. S. 215, 211, 39 Sup. Ct. 68, 63 L. Ed. 211, 2 A. L. R. 293. What in that case, upon a different state of facts, was said of the respondent, is applicable to defendant's conduct here, for it, too, amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point when the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not."

Here the facts are more close to those of the *Associated Press* case than in any case in which that decision has been cited. Plaintiff here is seek-

ing protection for what in the textile world is news. The language of the *Associated Press* case is applicable to the situation. On page 241 of that decision we read:

"It is to be observed that the view we adopt does not result in giving to complainant the right to monopolize either the gathering or the distribution of the news, or, without complying with the copyright act, to prevent reproduction of its news articles; but only postpones participation by complainant's competitor in the processes of distribution and reproduction of news that it has not gathered, and only to the extent necessary to prevent that competitor from reaping the fruits of complainant's efforts and expenditure, to the partial exclusion of complainant, and in violation of the principle that underlies the maxim, *Sic utere tuo*, etc."

There is no more danger in the present case than in the *Press* case, that a decision in plaintiff's favor will result in a monopoly. A decision in plaintiff's favor would not prevent anyone in another line of business from using these designs, or anyone in this line of business from using them in a manner which did not amount to unfair competition. When the current season had passed, even competitors would be free to copy these designs. All the plaintiff asks is that fairness in competition requires that competitors should be required to abstain from doing anything—whether it be copying of designs or other things—that appropriates that which the plaintiff has produced, for the use of the defendant, and deprives plaintiff of its fair opportunity to realize a profit on what it has produced during the only period when such a profit can be obtained—which is the current season.

No doubt Congress, if it chose, could enact special legislation so that designs could be speedily and cheaply patented or copyrighted, or it could provide special legislation for protecting seasonable designs; but it has not done so and it is idle speculation to prophesy whether it will ever do so. In the meantime, plaintiff is suffering at defendant's hands because of the defendant's unconscionable conduct, and we submit that it is entitled to the aid of this Court, on equitable principles, to prevent a continuance of this conduct on the part of defendant, and that legislation is not necessary to enable the Court to give the plaintiff this relief.

June 30, 1929

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IN THE
United States Circuit Court of Appeals
FOR THE SECOND CIRCUIT.

CHENEY BROTHERS,
Plaintiff-Appellant,
against

DORIS SILK CORPORATION,
Defendant-Respondent.

Brief on Behalf of Doris Silk Corporation,
Defendant-Respondent.

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IN THE
United States Circuit Court
of Appeals

FOR THE SECOND CIRCUIT.

CHENEY BROTHERS,
Plaintiff-Appellant,

AGAINST

DORIS SILK CORPORATION,
Defendant-Respondent.

**Brief on Behalf of Doris Silk Corpora-
tion, Defendant-Respondent.**

'The Pattern is Not Original or Unique.

Plaintiff has pictured itself as the creator of new and original designs (record. pages 15, 16) which are developed at a material expenditure of time, labor and expense both here and abroad; that its Paris art director develops these designs which, when completed, possesses not only elements of originality but even artistry (Record, fol. 138, Plaintiff's Brief, pp. 25, 26).

This is not actually the case. Plaintiff employs a designer to anticipate and sense public taste so that it may manufacture and sell merchandise which accords therewith. Whether the designs are original or artistic or beautiful is entirely secondary. The most artistic designs are dis-

carded unless they succeed in producing orders. The most trite designs are manufactured in large quantities should they happen to result in sales. "Will it sell?" is the primary test of a design's value (fols. 67-68).

Plaintiff creates approximately two hundred designs each year, of which fully three-fourths fail to sell and are discarded. The remaining one-fourth are "sellers" and irrespective of originality or beauty these are manufactured in large quantities and constitute the bulk of the plaintiff's business.

Plaintiff's expense is incurred in foreseeing fashion and sensing public response (fol. 68). The discovery of "sellers" results from its experimentation with groups of patterns and the principle involved upon this appeal is whether such experimentation can be the subject of monopolistic protection. Plaintiff undoubtedly spends sums for other types of experimentation. Research on proposed economies of manufacture undoubtedly cost plaintiff considerable sums. Yet should plaintiff succeed in evolving a non-patentable manufacturing economy, it could not sustain a monopoly thereof and its competitors would possess the right to employ the same method of manufacturing economy in direct competition with the plaintiff. It is possible to point out numerous other examples of costly experimentation which competitors may openly imitate. Expenditures for experimentation in foreseeing fashions are no exception to these.

Frequently the successful "seller" proves to be a plain solid color. A well-known example of this was a shade of purple known as fuchsia which possessed a tremendous vogue about five years ago. Very recently the vogue was chartreuse.

which is a shade of yellowish green and which was principally made up in solid color without any figure design. It is quite probable that fuchia and chartreuse will again some day prove popular, though at the present moment it is not saleable.

If the pattern in suit were a solid color such as fuchia or chartreuse, there could be no basis for court intervention. Even if the manufacturers, who first brought out fuchia and chartreuse, had employed the methods of experimentation of the plaintiff to foresee fashion and to sense the public demand, would the Court have granted them monopolistic protection of these solid color patterns? The answer is obviously in the negative. Yet there is no difference between the two cases, excepting that the one manufacturer has employed solid colors, whereas the other manufacturer has employed circles and polka dots. In both cases there is present the same claim of alleged unfair competition. If the mere process of foreseeing a fashion were entitled to monopolistic protection, then every manufacturer, who senses public taste with solid colors or trite designs, would be entitled to similar monopolistic protection. Since style travels in cycles which revive it from time to time, it becomes apparent that most styles are not original. The purpose of changing styles is to require the public to discard as unfashionable, garments purchased during the preceding season. The solid color may be popular during a given season; the next season the manufacturers may concentrate on figured designs, the following season they may determine upon circles and polka dots, and yet the following season they may again revert to solid colors. The mere foreseeing of the vogue for circles and polka dots is not of it-

self sufficient to entitle the plaintiff to monopolistic protection.

Has plaintiff altered the case by alleging that the design is novel, unique and original? Mr. Bronner, president of the defendant, has put this in issue: "There is nothing original in this design and similar designs have been used for years" (fol. 174). It is almost a certainty that each member of this Court has either possessed or seen shirts, neckties and other textile wares of which the basic design is circles and polka dots, and are aware that the plaintiff's pattern is merely a revival of an obsolete pattern which has travelled the cycles of fashion and reappeared for the moment.

It is therefore obvious that plaintiff, to be entitled to any consideration, must conclusively prove that his pattern is novel, original and unique. Plaintiff has fallen far short of doing this. At best it has created an issue which should be determined upon the trial of this action and not upon affidavits in support of a motion for an injunction *pendente lite*.

Publication of a Pattern Constitutes a Public Dedication Unless it has First Been Protected by a Design Patent.

One who originates designs, is protected in his originality by the design patent legislation but this protection is not given to any design unless it be new and unique. The purpose of the Design Patent Office is to weed out trite and unoriginal designs. To procure protection, the design must pass through the gauntlet of examiners who make comparisons with designs previously submitted and only such designs as successfully pass this test, can be protected. The Design Patent Office

keeps in its files copies of prior designs for this purpose. This department is run at considerable expense to the Government and its duties should not be foisted upon the defendant or upon this Court. This defendant should not be required to acquaint itself with all previous designs or to assume the burden of disproving the originality and uniqueness of the design in suit. This burden should be imposed upon the alleged originator and he should not be permitted to avoid proving his originality and uniqueness to the Design Patent Office. To hold otherwise would burden this Court with the duties of the design patent comparison clerks and would impose an unfair hardship upon this defendant and others similarly situated.

The plaintiff maintains that procuring of design patents is impracticable because of the delays of the Patent Office. The plaintiff has submitted a letter from Washington patent attorneys, which states that the average time required to procure a design patent is approximately seven months (fol. 164). This contrasts with the affidavit of the plaintiff's general sales manager, Mr. JAMES C. HECKMAN, who states that designs must be created months in advance of their use (fol. 47), and that the plaintiff customarily starts preparation of its designs *nine months at least* before the goods appear on the market (fol. 70). Obviously, in spite of the delays of the Design Patent Office, it is possible for the plaintiff to procure a design patent upon an original and unique design in advance of the placing of the merchandise on the open market. With respect to this feature of the case, Judge Mack stated in his opinion, at folio 223:

“This complaint however, is doubtful on the facts. The design in question was de-

veloped during the winter of 1927-8 to be manufactured during the summer of 1928, and sold during the winter and spring of 1928-9. There would seem to have been sufficient time to secure a design patent for such a design, if original, before the design came to the attention of competitors. If however, the complaint were fully justified, as perhaps it might well be in some cases, the remedy would seem to be a change in legislation. Congress has established the limits of a monopoly right against copying and the sale of copied matter; if in any case the protection intended to be given by such laws is possible, but because of administrative delays, not practicable, the legislative remedy would be comparatively simple.

“Registration under copyright laws is immediate. If the protection of copyright registration can constitutionally be given to designs of this character—and I express no opinion thereon—plaintiff would have adequate protection. So too if the patent law were changed so that a design patent would be granted at the time of application, without examination, as in some other countries, plaintiff's situation would seem to be fully met.

“But Congress has not yet afforded this relief and in its wisdom it may decline so to do.”

Plaintiff has also urged that the design patents, in any event, provide insufficient protection for reasons stated on pages 20 to 24 inclusive of its brief. This is fully answered in the opinion of Judge Mack, in which he states at folio 231:

“Plaintiff urges that the design patent laws give protection only if the design be strictly original, not if it be original in the sense, for example, that the design applicable to an automobile is for the first time

applied to dress material. The deduction from this that because such a design is not protected by the patent laws therefore plaintiff's property in its conception of the applicability of the automobile design to the dress goods is a common law right entitled to unlimited protection is unsound. Congress has covered the subject matter of the protection to be given to designs, whether original in the strict sense or in the secondary sense above stated. In so far as it has failed to give protection to the latter, it has fully declared its legislative purpose that such a right, if it can be called a right, is not to be deemed exclusive."

There are Several Sharp Issues of Fact which Cannot be Determined in Favor of the Plaintiff Upon the Motion for Injunction *Pendente Lite*. These Issues Must Await Determination Upon the Trial of the Action.

Judge Mack decided the motion upon questions of law. He did not attempt to pass upon the disputed issues of fact, and stated at fol. 233:

"Because of the conclusions reached I have assumed without deciding that the facts in actual controversy between the parties are as contended for by plaintiff."

The defendant's version of the facts, is as follows:

Leonard J. Bronner, president of the defendant, and Benjamin Koch, a buyer of the Silver Fox Dress Co., Inc., a customer of the defendant, alleges that in or about October, 1928, Silver Fox Dress Co., Inc., purchased from a contractor a dress bearing a polka dot design, similar to the plaintiff's design #4488; that Koch thought that

this design was highly saleable and wished to duplicate the same but did not know where the merchandise could be purchased; that there was nothing upon the merchandise or the dress to indicate the source of its manufacture and as a result Koch took the matter up with Bronner. Bronner examined the design and informed Koch that he did not know the source of its manufacture. Koch asked Bronner if he would duplicate this design and Bronner replied that he saw no difficulty in the duplication as this was an ordinary design having no peculiarity or individuality which could not be reproduced by an ordinary manufacturer. Arrangements were entered into between Koch and Bronner to copy the design and Koch gave Bronner an order for a certain quantity of goods embodying this design. During this transaction neither Bronner nor Koch had knowledge of the source of the manufacture of the goods and there was nothing upon the dress to indicate that the material was the product of the plaintiff (fols. 212-216 and fols. 188-189).

Bronner specifically denies knowledge on his part that the design Ξ 4488 was created by Henry Creange in Paris (fol. 179).

Bronner also denies having sold any of this merchandise to any of the customers of the plaintiff whose affidavits are attached to the plaintiff's motion papers (fols. 181-182-183).

Bronner denies that there is anything original in the design and maintains that similar designs have been used for years and that it is because of this very reason that the design cannot be copyrighted (fol. 174).

Bronner denies that Lew Morris is a salesman in his employ and claims that said Morris was

merely an employee in the defendant's stockroom; that Morris, instead of one of the defendant's regular salesmen, visited Mallas because Mallas telephoned Bronner and said that he wished to see some of the defendant's lines. There was no regular salesman in the defendant's premises at the time and Bronner therefore sent Morris with a number of samples to show to Mallas; that Morris was not qualified to speak for the defendant and his only authority at the time was to show the samples to Mallas and to take any orders which Mallas might give him. If Morris made any of the statements alleged in the plaintiff's affidavits, such statements were unauthorized and are not binding on the defendant (fols. 183-186).

Morris denies the conversations attributed to him in the affidavits submitted by the plaintiff and Morris reconstructs, according to his recollection, the conversation which actually took place (fols. 197-201).

Dewey Gertler, a salesman of the defendant, denies the conversations attributed to him in the affidavits submitted by the plaintiff and reconstructs the substance of his interview which sharply contrasts with the plaintiff's affidavits (fols. 204-210).

It is obvious from the affidavits of Thomas A. Sully (fols. 97, *seq.*), and the affidavit of Lawrence A. Tassi (fol. 122, *seq.*) (both of which affidavits were submitted by the plaintiff), that a premeditated and carefully planned attempt was made by the plaintiff to create and build up facts upon which to base this proceeding. Plaintiffs counsel employed two law clerks whom he stationed in the stockroom of one Mallas who, in turn, induced defendant to send over Morris and

Gertler with sample lines. Conversations were then had with these representatives in which Mal-las and the law clerks sought to put into the mouths of defendant's representatives, state-ments to be used against the defendant in this proceeding.

The defendant's representatives deny having made the statements attributed to them and these are issues which must necessarily be determined at trial. But what is extremely surprising and not far short from reprehensible, is the method employed by the plaintiff to trap the defendant by attempting to induce the defendant to do the very thing of which the plaintiff complains. If the most elementary principle of equity is to be applied, then this court must condemn these methods and must hold that the plaintiff does not come into court with clean hands. To ask equity for relief against an alleged wrong admittedly in-duced by the plaintiff, is nothing short of an at-tempt to prostitute the functions of a court of equity.

**The Subject Matter of this Litigation
is Academic and Therefore an In-
junction Should Not Issue.**

The complaint alleges that plaintiff com-menced to manufacture the pattern in suit in De-cember, 1928, and that the popularity of the pat-tern was at its height at that time. (See para-graph 16 of complaint, fol. 21). Plaintiff further alleges that the popularity of a design of print silk dress goods ordinarily does not extent be-yond the season of a few months for which it is created. After that season, it is useless. It passes out of style and the sale of silks bearing

that design stops (Paragraph 8 of Complaint, fol. 11).

From a comparison of these two allegations, it is obvious that the season for the sale of this design has passed and that the design has lost its salability.

The further allegations in the complaint to the effect that unless an injunction is granted, the defendant will suffer irreparable damage and injury, are directly contradicted by these prior allegations in the complaint. The order to show cause was signed on February 25th, 1928, or more than two months after the plaintiff discovered that the defendant was selling merchandise similar to the plaintiff's design. Even then the season for this merchandise had virtually passed and there is nowhere in the plaintiff's papers any proof to show that the pattern was still in vogue at the time the action was commenced. At the present time the Court must take judicial notice that the season has passed and that the injunctive relief sought herein reverts to an academic proposition. The plaintiff has not asked for any money damages in the complaint. The sole relief which he has sought is a temporary and a permanent injunction and such injunction, if now granted, could not benefit plaintiff with respect to the design in suit. Plaintiff cannot deny that the sole purpose of this appeal is to establish a principle of law for protection of designs created in futuro. In its brief (page 35) plaintiff states: "When the current season had passed, even competitors would be free to copy these designs."

In view of the academic nature of the issue, there can be no purpose in continuing the litiga-

possessed by an unpatented silk print design and it therefore should not be elevated to the level of quasi property. The entire structure of plaintiff's argument is predicated upon the similarity between news and designs and since these are not analogous, plaintiff's argument must collapse.

3.—DESIGNS ARE PATENTABLE.

In the *News* case, it was shown that news possesses a value only while it is fresh and that the copyright laws offer it no protection and in fact serve to defeat its purpose. With respect to design patterns, this is not true. As has already been pointed out, design patterns are created by the plaintiff approximately nine months before they appear on the public market. The average period of time for procuring design patents is approximately seven months which ordinarily is an ample period of time in which to procure patent protection. Any failure of the Design Patent Office to properly function, can be remedied by speeding up its machinery or by remedial legislation. This, however, is a function to be performed by Congress and by the Design Patent Office and should not invoke the interference of the courts.

4.—THE CHARACTER OF NEW DISTRIBUTION IS EXCEPTIONAL. THERE ARE NO EXCEPTIONAL CIRCUMSTANCES CONNECTED WITH THE SILK PRINT INDUSTRY.

In the *News* case, the Court said: "The question of what is unfair competition in business must be determined with particular reference to the character and circumstances of the business,"

and it was held that publication is one of the practical needs and requirements of the news business and must not be deemed an abandonment of the news to the world. In the instant case, the merchandise was offered by the plaintiff for public sale and for public view and inspection. The exigencies of the news business are unique in that the news, a quasi property, must be published immediately and yet cannot be protected by copyright.

The silk print business, however, does not materially differ from that of any other manufacturing business. Careful reading of the News case shows that the Court made a special exception in that case by reason of the unique and unusual character of the business. In the instant case, nothing unusual or unique has been shown which would justify the making of any such special exception. The difficulties which are encountered in the silk print business, are encountered in virtually all textile and clothing businesses as well as other businesses. With respect to these latter, it has invariably been recognized that copying of unpatented styles, etc. may be indulged in in honest competition unless of course there be present the elements of breach of contract or trust or misrepresentation or fraud. The leading case in this jurisdiction is *Montegut v. Hickson, Inc.* (178 App. Div., N. Y. 94). In that case defendant obtained possession of the exclusive creations of plaintiffs by fraud and deception, representing itself as a private customer. It removed plaintiff's trade mark, exhibited the gowns and copies thereof to its customers and represented them to be its own importation created by persons other than the plaintiffs. The court enjoined defendant

from exhibiting and selling these gowns, but stated at Page 96:

"I agree that the defendant has a legal right to copy and sell as its own creation the exclusive models designed by the plaintiffs if the models or the inspection of the models are procured by fair means."

MR. JUSTICE BRANDEIS has written a very able dissenting opinion in the *News* case and while defendant does not attempt to supersede his opinion over that of the majority of the Court, yet it is apparent from this dissenting opinion, that a case less exceptional than the *News* case, might not have mustered a majority of the Court. The *News* case is exceptional by reason of the unique nature of the news business and it should not be applied to any case not equally exceptional. To extend the application of the *News* case to the instant case would create a far greater change in established law than any unfair competition case in recent years. In the *News* case the Court sought to remedy the misappropriation of *quasi* property and the resultant injustice and the intent of that decision is limited to that specific purpose. It was not the Court's intention to create new principles of law for loose application to cases less exceptional. This becomes doubly apparent when the economic phases of the decision are considered. MR. JUSTICE BRANDEIS sounds a warning when he says:

"The great development of agencies now furnishing country-wide distribution of news, the vastness of our territory, and improvements in the means of transmitting intelligence, have made it possible for a news agency or newspapers to obtain, without pay-

ing compensation, the fruit of another's efforts and to use news so obtained gainfully in competition with the original collector. The injustice of such action is obvious: But to give relief against it would involve more than the application of existing rules of law to new facts. It would require the making of a new rule in analogy to existing ones. The unwritten law possesses capacity for growth; and has often satisfied new demands for justice by invoking analogies or by expanding a rule or principle. This process has been in the main wisely applied and should not be discontinued. Where the problem is relatively simple, as it is apt to be when private interests only are involved, it generally proves adequate. *But with the increasing complexity of society, the public interest tends to become omnipresent; and the problems presented by new demands for justice cease to be simple. Then the creation or recognition by courts of a new private right may work serious injury to the general public, unless the boundaries of the right are definitely established and wisely guarded.* In order to reconcile the new private right with the public interest, it may be necessary to prescribe limitations and rules for its enjoyment; and also to provide administrative machinery for enforcing the rules. It is largely for this reason that, in the effort to meet the many new demands for justice incident to a rapidly changing civilization, resort to legislation has latterly been had with increasing frequency. * * *

JUDGE MACK also has recognized the foregoing and has stated in his opinion (Fol. 229):

"As against any moral wrong involved in such appropriation of another's expenditure of time and money, is the economic danger of unregulated monopolistic charges to the public for the use thereof. Breach of con-

traet or trust, misrepresentation or fraud of course change the situation and in and of themselves justify restraint. Legislation has endeavored if not to reconcile at least to decide as between the ethical and the economic view point: publication of that which can be patented is deemed a full dedication to the public for competitive use and sale despite any actual contrary intent however clearly expressed.

"In my opinion, it was not intended by the majority opinion in the *Associated Press* case that the principle there found applicable to a most unusual situation should cover a case in which the patent laws could and do give some, though perhaps in their present form inadequate, protection. Congress, not the courts, must be appealed to for the fuller protection which Congress can constitutionally afford."

The effect of extending or loosely applying the *News* case decision, would be the creation of numerous monopolies and the resultant restraint of trade and competition. Every new idea possesses some value. If the idea be protected, the originator possesses a corresponding advantage over his competitors which may hamper their competition. To prevent such abuses, Congress has limited protection of ideas to those falling under the general provisions of the patent and trademark laws. If these laws should prove too broad or too narrow, the remedy must come from Congress. Almost all laws involve injustice to a minority and this minority must suffer such injustice for the welfare of the majority. If the plaintiff be unable to recoup moneys expended for experimentation, it must continue to suffer such losses unless there be mustered a body of opinion sufficient to provide for remedial legis-

lation. If these sufferers be in the minority and if this body of opinion cannot be mustered, then there can be no change in legislation. In any event, that is a matter for Congress and not for the Courts.

For the reasons above stated, it is respectfully urged that the order appealed from should be affirmed.

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United States Circuit Court of Appeals

FOR THE SECOND CIRCUIT.

CHENEY BROTHERS,
Plaintiff-Appellant,

vs.

DORIS SILK CORPORATION,
Defendant-Appellee.

PLAINTIFF'S
REPLY
BRIEF.

The defendant's brief seems to ignore the only issue raised by the plaintiff, that of unfair competition. That issue is whether or not the defendant's copying of the plaintiff's design amounts to "a tort in the nature of unfair competition" (245 Fed., p. 253), which was the name given by Judge Hough to the act of the defendant in the *News* case. If the acts of the defendant in this case are of the same legal character as the acts of the defendant in the *News* case, on the principles there invoked an injunction should issue here.

The Court held in the *News* case that the appropriation of news was "a tort in the nature of unfair competition," because the nature of news made such decree necessary to fair competition among those agencies selling it. (a) Such news is gathered by

the plaintiff as the result of organization and the expenditure of labor, skill and money. (b) Such news, when gathered, has but a temporary value, hence, if the plaintiff is to reap any benefit or profit from its labors, such profit must be gotten shortly after the news becomes public. (c) Where a person creates something as the result of expenditure of labor, skill and money, and that something is saleable for money, it is a kind of property which equity will protect, and the Court held that news was such property.

In what respects does a design of this sort differ from news? It is created by the plaintiff through the expenditure of labor, skill and money. It is the result of organization. Its value, commercially, while longer lived than news, is nevertheless very short-lived and often lasts but a few weeks or months. The value of the design to the originator comes from exactly the same thing as the value of news, namely, its novelty and freshness. As soon as news becomes common property it has no money value. As soon as a design of dress fabrics is frequently seen and becomes generally familiar it is valueless. Like the news, its value is in its being up to the minute and the fact that for a time it can be gotten from limited number of sources. And silk merchants, like the news agency, concentrate their effort on getting something which will appeal to the public as having the advantages of freshness and exclusiveness. So long as the news and the design have these attributes they have a money value, and no longer. Here enters in, in both cases, the general proposition of law laid down by the Supreme Court: "The peculiar value of news is in the spreading of it while it is fresh, and it is evident that a valuable property interest in news, as

news, cannot be maintained by keeping it secret. * * * What we are concerned with is the business of making it known to the world, in which both parties to the present suit are engaged" (248 U. S. 235); and later he says:

"Regarding the news, therefore, as but a material out of which both parties are seeking to make profits at the same time and in the same field, we hardly can fail to recognize that *for this purpose and as between them*, it must be regarded as quasi property, irrespective of the rights of either as against the public. * * * And the right to acquire property by honest labor or the conduct of a lawful business, is as much entitled to protection, as the right to guard property already acquired (citing cases). It is this right that furnishes the basis of jurisdiction in the ordinary case of unfair competition" (p. 236). (Italics ours.)

So that this case turns on whether or not a seasonal design in dress goods has characteristics and attributes similar to news. If it has, we submit that the rules of the *News* case apply and should be enforced, regardless of the bogeys and ghosts raised by the defendant; for it has always been the rule in the development of equity to prevent fraud wherever found, and allow the future application of the rules involved to be dealt with when occasion arises. One statement in *Nashville v. McConnell* (82 Fed. 76) is of interest in this connection.

The ghost of "originality" may be laid here. The application of the rules of unfair competition is not limited or curtailed by copyright or patent or any other statute. It is based on a general right to be protected against fraud, and may be invoked regardless of any such consideration (see Plaintiff's Brief, p. 28). It is of no importance whether

the plaintiff's design is original and patentable, or not. It is sufficient to bring it within the rule of the *News* case that, in this limited field for which this design was intended, it possesses elements of freshness and newness to give it money value.

Nor is there any "sharp issue of fact" between the parties. The only issue of any importance is whether or not the plaintiff's design has been copied. A comparison of the two fabrics involved will show that defendant made a tracing copy from the plaintiff's goods.

The *Press* case has been variously applied and has not been limited as the defendant contends. In *Meyer v. Hurwitz* (5 Fed. [2d] 370), the Third Circuit Court of Appeals has applied the principles of that case to misuse of vending machines, and in *Fisher v. Starr* (231 N. Y. 414-428), it was followed by the Court of Appeals and extended quotations made from the opinion (see also Plaintiff's Brief, p. 34).

Is an order here a dangerous precedent? Under the *News* case lies this fundamental principle: That news is collected by the expenditure of labor and money, and, because of the nature of news, this money value is quickly destroyed by copying. Therefore, common honesty demands of rivals of the news collector that they shall not copy and sell it until a sufficient time has elapsed to allow the collector to profit by his efforts, which efforts benefit the public as well as himself.

The important elements of this situation are: (1) Expenditure of effort and money; (2) resulting in something valuable to both plaintiff and public; (3) which is of such a transient and temporary character that immediate copying kills its value; (4) hence, if the plaintiff is to be repaid

for his efforts, his rival must give him a reasonable chance to sell his merchandise.

The Supreme Court did not limit the application of its decree in the *News* case specifically to news. There are a few other articles of merchandise which meet all these requirements. Shall the Court deny relief to such articles as do meet these requirements, and grant it only to news? There is no reason for granting such relief to designs for furniture or automobiles or blankets or overcoats, or to any design which is saleable long enough to give the creator a reasonable chance to recoup himself. There is reason for granting it to dress goods designs.

Once a dress goods design is created, it must be printed on fabrics, some of which are very expensive, and the completed fabric bearing the design must then be manufactured, in quantity, to meet the demand for the cloth which may come as soon as the design appears on the market; for the dress goods season is very short. If, in the few weeks after the design appears, it is found on the shelves of plaintiff's rivals, perhaps in cheaper goods, as here, its value to the creator is gone.

An infringer can put a duplicate copy of a printed silk design in the market in "about a week" (fol. 107). "We just copy it on paper and run it right off" (fol. 108).

We are overwhelmed with statutes to regulate every ill. How much better if the community could come to feel that equity lends a willing and appreciative ear to those suffering from the wrongs for which the community runs to the Legislature "to get a law passed," and will give business men

relief, not in the form of an inflexible statute, but
through the flexible powers of equitable remedies.

October 5, 1929.

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IN THE
**United States Circuit Court of
Appeals**
FOR THE SECOND CIRCUIT.

CHENEY BROTHERS, Plaintiff-Appellant,	}
v.	
DORIS SILK CORPORATION, Defendant-Respondent.	}

**PETITION ON BEHALF OF CHENEY
BROTHERS FOR REHEARING.**

It seems that the court has found that the plaintiff here has suffered an injury for which there should be a remedy, but that such remedy must be found in legislation. Plaintiff submits most earnestly that no remedy—no form of statute—can possibly relieve the situation in which the plaintiff found itself when it came to the District Court for relief and help, and that no statute can relieve similar situations which may arise in the future with others in this industry. This statement is made because of the peculiar and varied conditions under which the design pirate works and of which he avails himself. The conditions in which designs are used vary, not only with every trade and every industry, but with many branches of each.

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To frame statutes whether they be in the nature of copyright or what not, which would fit such a jagged line as this, is, we are satisfied, impossible, and we submit that the only adequate relief is to be found in the application of the rules of unfair competition through a court of equity. The court in its opinion notes the very conditions of which we speak. It says that some designs come to harvest in two years, some in five, and that other things than dress goods may be involved.

We therefore submit that the remedy of injunction to prevent unfair competition is applicable and necessary here. A novelty in dress goods design very closely resembles news. It is in very fact "trade-news" in that trade. It has value for a few weeks, *solely because of its novelty, just as newspaper news has value*. To appropriate it for competitive purposes during these weeks seems the identical wrong for which relief was given in the *News* case. Yet this court says: "But the reasoning which would justify any interposition at all demands that it cover the whole extent of the injury. A man whose designs come to harvest in two years, or in five, has prima facie as good a right to protection as one who deals only in annuals. Nor could we consistently stop at designs."

We submit, with great respect, that here the court is in error, for the man whose design comes to harvest in two or five years may not be injured at all. In his case a most vital element of the wrong of which we complain may be entirely absent. His market extends for two or five years. He may have time to assert his competition; to "sell" his design and meet competition. Is not plaintiff's injury exactly the injury which Judge Pitney described when he spoke in the *News* case

of a "process (which) amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped in order to divert a material portion of the profit from those who have earned it to those who have not"? (248 U. S., p. 240).

The news agency and the maker of dress silks are at the mercy of the pirate who waits, inactive, while they gather the news and make up the design and then steps in and shares the few weeks in which sales can be made and does it absolutely without cost or risk to himself. And their helplessness because of the short time in which the news and the design can be sold is a primary element in the injury suffered. We submit, therefore, that it is error to liken this case to two or five or even one-year designs and error also to deny to this plaintiff relief of a court of equity, where there is little, if any, possibility that statutory relief is possible.

(2) We submit again, that the court is in error in holding that if it gives this plaintiff relief for a design piracy, it cannot stop at designs. Rather is it not the fact that the court may and will stop wherever this wrong is absent, and act only where it finds the wrong exists? *Is it not the wrong, not what material the case involves, that prompts the court to act?* This wrong of which plaintiff complains does not exist even with *all* designs used in trade, but only in respect of those in the sale of which one rival may inflict damage on another which the court finds unfair and wrongful. The law of unfair competition has been built up, not by formulation of general rules of wide application, which are announced at the outset in their

complete and final form, but by the slow process of recognition, by the court, one at a time, of forms of wrongful conduct in competition, with respect to some particular situation; and we respectfully urge that this case is an instance of just that character, where a wrong exists and a remedy is available. Where and how and to just what conditions the remedy shall next be applied is not now in issue.

(3) We submit that the Supreme Court in the *Veas* case did not limit the standards of competition, which it there laid down, and that this court should give to this plaintiff the benefit and protection of the general principles used by that court in the *Veas* case. It seems to counsel that the Supreme Court did not intend to limit this statement, among others, in the opinion: "Regarding news as the mere material from which these two competing parties are endeavoring to make money, and treating it, therefore, as quasi property for the purposes of their business because they are both selling it as such, defendant's conduct differs from the ordinary case of unfair competition in trade principally in this, that, instead of selling its own goods as those of complainant, it substitutes misappropriation in place of misrepresentation and sells complainant's goods as its own."

Or the following: "It is to be observed that the view we adopt does not result in giving to complainant the right to monopolize either the gathering or the distribution of the news, or, without complying with the Copyright Act, to prevent the reproduction of its news articles, but only postpones participation by complainant's competitor in the process of distribution and reproduction of news that it has not gathered, and only to the ex-

tent necessary to prevent that competitor from reaping the fruits of complainant's efforts and expenditure to the partial exclusion of complainant and in violation of the principle that underlies the maxim 'sic utere tuo,' " etc.

We submit that, for the court to order this defendant *to postpone its participation in the process of distribution and reproduction of plaintiff's designs which it has not created* and only to the extent necessary to prevent it from reaping the fruits of complainant's effort and expenditure, is but to give plaintiff adequate protection against unfair competition and greatly to contribute to the elimination of a most serious commercial evil.

(1) Finally we submit that, under the authority of the *News* case, and on the facts here, the District Court should have given plaintiff an injunction, *pendente lite*, forbidding defendant from selling the copy of plaintiff's design which it made, until its commercial value, arising out of the fact that it is a new design, has passed away, such period not to exceed six months (or any other period which to the court seemed proper) after its first showing to the trade.

Note: The decree in the *News* case enjoined copying the news "until its commercial value as news to the complainant and all its members has passed away" (see copy decree in appellant's brief, p. 12).

Respectfully submitted,

CHENEY BROTHERS,

By HARRY D. NIMS,

Counsel.

I hereby certify that I have examined the foregoing petition, and, in my opinion, the petition is well founded in point of law and is not interposed for purposes of delay.

New York, November 4, 1929.

HARRY D. SIMS.